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# USSR Report

PROBLEMS OF THE FAR EAST

No 1, JAN-MAR 1986

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8 OCTOBER 1986

USSR REPORT  
PROBLEMS OF THE FAR EAST  
No 1, JAN-MAR 1986

Except where indicated otherwise in the table of contents the following is a complete translation of the Russian-language journal PROBLEMY DAL'NEGO VOSTOKA published quarterly in Moscow by the Far East Institute, USSR Academy of Sciences.

CONTENTS

Editorial on Dangers of Arms Race, Need for Asian Security (pp 3-13)....	1
Writer Assesses Asian-Pacific Security Program (pp 14-36) (I. I. Kovalenko).....	10
* China's Special Economic Zones Described (pp 36-45) (V. Ya. Portyakov, S. V. Stepanov).....	30
* Japan's Role in 'Trilateral System' Evaluated (pp 46-56) (S. I. Verbitskiy).....	40
U.S. Scholar on U.S.-Japan Link; Creation of Pacific Community (pp 60-72) (Roy Kim).....	51
* 'Export Miracle' in Hong Kong, Taiwan, S. Korea Assessed (pp 57-65) (A. V. Berezhnoy).....	64
* Japanese-Soviet Friendship Society, Organizations Praised (pp 66-74) (M. V. Demchenko).....	73
* U.S. Sinologists on American-Chinese Relations in Mid-1980's (pp 75-81) (A. G. Larin).....	82
* Sun Yatsen's Political Program Recalled (pp 82-95) (N. L. Mamayeva).....	89
* Japan's Situation Before, During World War II Described (pp 96-104) (I. A. Latyshev).....	103
* Translation taken from English-language FAR EASTERN AFFAIRS No 2, Apr-Jun 86.	

CONTENTS (Continued)

N. Ya. Bichurin's Valaam Exile (pp 113-121) (V. S. Myasnikov) (not translated)	
Eitaro Noro--Marxist Revolutionary (pp 122-127) (N. F. Leshchenko) (not translated)	
Changing Reality Reflected in PRC Literature (V. F. Sorokin) (not translated)	
A Scholar's Labor, A Poet's Talent (N. T. Fedorenko) (not translated)	
* Chinese Historian on Era of 'Imperialist Aggression' in China (pp 123-127) (Hu Sheng).....	112
* USSR-Vietnam: Fraternal Cooperation (pp 128-135) (O. V. Petrov).....	117
* USSR-DPRK Economic Ties Discussed (pp 136-142) (N. L. Shlyk).....	125
* Document Collection on China, Southeast Asia Reviewed (pp 143-148) (S. N. Gorenko, B. T. Koloskov).....	132
* ASEAN's Trade and Economic Cooperation (pp 149-156) (M. A. Yakovleva).....	138
Book Reviews	
Review of 'The Heroes of Halhyn-Gol' by I. I. Kuznetsov (pp 179-180) (D. Ulymzhiyev) (not translated)	
Review of 'Mo Di: A Philosopher of Ancient China. His School and Teaching' by M. L. Titarenko (pp 180-182) (N. G. Senin) (not translated)	
* Vietnam: Scientific-Technological Revolution, Social Progress (pp 162-165) (L. N. Bauman).....	146
* Book on History of Russia-Far East Relations Reviewed (pp 166-167) (N. Yu. Novgorodskaya).....	150
North Korean Book on Soviet Union Reviewed (pp 189-190) (V. I. Andreyev, V. I. Osipov).....	153

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## EDITORIAL ON DANGERS OF ARMS RACE, NEED FOR ASIAN SECURITY

Moscow PROBLEMY DALNEGO VOSTOKA in Russian No 1, Jan-Mar 86 (signed to press 12 Feb 86) pp 3-13

[Editorial: "CPSU on the Historical Mission of Socialism"]

[Excerpts] The 27th CPSU Congress represents a most important landmark in the history of the CPSU and our state and in world development. It would be difficult to overestimate the congress' results. The congress discussed and adopted the new edition of the party program, changes in the CPSU Statute and the Guidelines of the Economic and Social Development of the USSR for the 1986-1990 Period and Through the Year 2000.

The significance of the documents adopted by the 27th CPSU Congress is determined, first and foremost, by the fact that in these documents the party has outlined the course of our party's development both for the immediate future and for the long term and has formulated the concept of accelerating scientific-technical progress and systematically and comprehensively perfecting the socialist society with a view to the future development of communism and the program of struggle for peace and social progress. The enormous historical significance of decisions of the 27th CPSU Congress lies in this, and they have an impact on the minds and hearts of people in all corners of the earth and give a dynamic impulse to mankind's progressive advance along the path of peace and progress.

It is universally known that the implementation of the constructive plans of the Soviet people and of the peoples of countries of the socialist community is indissolubly linked with the fate of peace and progress on our planet and, essentially, with the future of mankind.

The present edition of the Third CPSU Program, adopted by the 27th CPSU Congress, preserves the continuity of the fundamental theoretical and political goals, which is characteristic of the Marxist-Leninist parties. The question of continuity in the development of the party's theory and program goals is a question of its principled theoretical position and its consistency and of its loyalty to Marxism-Leninism, and it also signifies the creative development of the basic content and the enrichment with principled propositions in accordance with historical experience.

As early as in the immediately coming years it will be necessary to restructure our country's economy on new principles, place the latest achievements of the scientific-technological revolution in the service of socialist construction, and transform many aspects of our social life, and all this will require, in its turn, a psychological restructuring of the society and entail the overcoming of everything that is obsolete or stagnant and of everything that opposes what is new. Intensive creative work will be required to fully utilize the historical potential and advantages of the socialist system for the sake of a new and mighty upsurge in the material and spiritual potential of the country of the Soviets, for the sake of the people's well-being and for the sake of reliably ensuring the Soviet Union's defense capability.

The CPSU Program in its present edition is a program of struggle for peace. Just as in the past, our plans now have a strikingly pronounced peaceful and constructive character. At the same time, they take into account the need to strengthen the security and defense capability of our fatherland.

A quarter-century has passed since the adoption of the Third CPSU Program. Life itself has confirmed the correctness of its fundamental theoretical and political propositions. During that period our people, headed by the Communist Party, have achieved considerable success in developing their productive forces, perfecting production and social relations and socialist democracy and culture, and forming the new man. The Soviet people have entered the period of developed socialism, which represents a law-determined level of socioeconomic maturity of the socialist society within the framework of the first stage of the formation of communism. The CPSU Program precisely defines the achieved level of social development and points out that a long road will still have to be traversed in the further perfection of the socialist society that has been built in our country.

By proceeding from the main theoretical and political propositions of the Third CPSU Program which have been confirmed by life, enriching and developing the program's contents, and critically reinterpreting the conclusions and goals that have failed to pass the test of time, the party has worked out a clear and scientifically substantiated action program for the benefit of man and peace on earth, a program that corresponds to contemporary domestic and international life. The capacious formulations of the program based on the teaching of Marx, Engels and Lenin, which has been constantly enriched by the living creativity of the masses, profoundly reveals the dialectic of the formation and development of the new society.

Speaking at the seventh party congress in 1918, V. I. Lenin noted: "Without exaggerating in any way whatsoever and without deviating from facts, our program must state perfectly objectively what exists and what we are about to accomplish.\* The new edition of the CPSU Program fully corresponds to these Leninist demands.

The Soviet Union's advance to the new historical frontiers that have opened the stage of developed socialism has also placed on the agenda of the day a new grandiose and difficult task, the task of comprehensively perfecting in every way possible the socialist society built in our country and of more fully and

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\* V. I. Lenin, "Complete Collected Works," vol 36, p 55.

effectively utilizing its potential and advantages. And it is clear that this has required the elaboration and confirmation of a new and more precise formulation of some former program propositions. The need for these more precise formulations is also dictated by the contemporary international situation and by the changes in the arrangement of forces which are taking place both in the class and in the social spheres and in relation to the struggle for asserting the principle of peace as the universal norm of interstate and international relations.

The international situation is more complicated and explosive than ever before. Never before has our planet faced in such a sharp form the question of to be or not to be, the question that is eternal but which has acquired new content in our period. More and more people in the world see that the Soviet Union is the pace-setter in the struggle for peace and peaceful coexistence by different states and peoples, and this also means for the triumph of high morality.

Today the country of the Soviets, as a great world power, exercises a determining influence on the entire course of world events with its example and its peace-loving foreign policy. The Soviet Union and the countries of the socialist community as a whole represent a determining factor in the progressive development of mankind.

The Soviet large-scale and constructive initiatives and proposals introduced by M. S. Gorbachev in Geneva have demonstrated this with sound arguments to the entire world. The Geneva summit meeting has convinced peoples of the rightness of the CPSU foreign policy and the CPSU's devotion to peace, a policy that expresses the fundamental interests not only of the Soviet people and the peoples of the fraternal countries of socialism, but also of all mankind. Imperialism has been compelled to introduce corresponding corrections in its policy under the pressure of the irresistible striving of peoples for peace, but the aggressive circles of imperialism continue to increase the arms race, thereby intensifying the threat of a global nuclear cataclysm.

At the same time, the Geneva meeting resulted in a number of useful accords on many aspects of the development of bilateral cooperation between the USSR and the United States. They will provide a good basis for raising the level of trust between our countries and peoples. However, the sphere of security and its core, the prevention of the militarization of outer space and the reduction of nuclear weapons, will continue to be the main determining factor of mutual relations between the USSR and the United States and the indicator of the state of the international climate as a whole.

Of course, the long-term significance of everything useful on which it was possible to reach an agreement in Geneva can only become apparent through concrete and practical actions. It will be necessary, first and foremost, to concentrate on solving those most important issues which could not be resolved at that meeting, that is, precisely the questions connection with the task of ending the arms race. The unwillingness of the U.S. leadership to renounce the "Star Wars" program made it impossible in Geneva to reach

concrete accords on real disarmament and, first and foremost, on the central problem of nuclear and space-based weapons.

The Soviet side has presented profound arguments that should help the U.S. leadership find the will and resolve to objectively assess the USSR's foreign policy positions and, first and foremost, recognize all the pernicious aspects of the notorious SDI program. This program is the main obstacle on the path to a radical reduction of nuclear weapons.

The accord on the need to prevent the arms race in outer space and to end it on earth, reached at the level of the USSR minister of foreign affairs and the U.S. secretary of state in January 1985 and now also confirmed by the leaders of the states, must continue to represent the reference point in the search for mutually acceptable solutions. The will expressed at the highest level to accelerate this work at the Geneva negotiations on nuclear and space-based weapons is of special significance.

New meetings between the USSR and U.S. leaders are ahead. In order not to impede the achievement of future accords, it is necessary to refrain from actions which would block negotiations or erode the arms race limitations incorporated in such agreements as the Treaty on the Limitation of Anti-Ballistic Missile Systems and the corresponding provisions of the SALT II Treaty. The United States should heed the persistent demands of the world community and, similar to the Soviet Union, proclaim a moratorium on nuclear tests, something that, unfortunately, has not happened so far.

The main thing in approaching a new summit meeting is to create possibilities for really stopping the arms race and to initiate practical steps to reduce nuclear arsenals. It is necessary to begin to prepare for this now. The Soviet Union, for its part, M. S. Gorbachev stated at the session of the USSR Supreme Soviet, has no intention of slowing down the pace but intends to strive with all determination and in the spirit of real cooperation with the United States to curtail the arms race and to generally improve the international situation. We expect the United States to adopt the same approach.

It has now become clear to everyone that the Geneva meeting was a major political event in international life. Its results will create the possibilities for transition from the state of dangerous confrontations to a constructive search for ways of normalizing Soviet-American relations and improving the international situation as a whole. The most urgent task and the most acute problem today, the problem of war and peace, was the central topic of discussion at the meeting. It is of fundamental importance that the USSR and U.S. leaders declared in their joint statement that a nuclear war should never be unleashed and that there can be no victors in such a war. They stressed the importance of preventing any war, either nuclear or conventional, between our countries and pledged not to strive for military superiority. The CPSU Central Committee Politburo noted in its decision on the results of the meeting that in this sense the results of the Geneva negotiations could have a positive effect on the political and psychological climate in contemporary international relations, could improve these relations and could reduce the threat of nuclear war.

The task of all tasks of our period is to stop the arms race and, first and foremost, the nuclear arms race. There is perhaps no other sphere of world politics in which so many initiatives have been taken and so many constructive steps, including unilateral ones, have been made by the Soviet Union and the countries of the socialist community in order to stop the increasing momentum of the arms race. And whenever their efforts were met with a positive reaction from the other side, important agreements were reached, which even now serve the cause of the consolidation of peace. This is how it was with the Treaty Banning Nuclear Tests in the Atmosphere, in Outer Space and Under Water, the Treaty on the Non-Proliferation of Nuclear Weapons, the Soviet-American Treaty on the Limitation of Anti-Ballistic Missile Systems, the SALT-I and SALT-II agreements and so forth.

The Soviet Union's realistic course in the international arena plays the role of a powerful stabilizing factor in our difficult world, which is in a state of tension. The new edition of the party program, adopted by the 27th CPSU Congress, determines the most important directions of the international activity of the CPSU and the Soviet state on the basis of a scientific analysis of the contemporary international situation, a generalization of the Soviet state's experience on foreign policy activities which is colossal in its significance and wealth, and by taking into account the experience accumulated by the countries of the socialist community, the national liberation movement and all peace-loving forces of the planet. It formulates in a condensed form the principles positions that determine the nature and substance of our party's entire international policy and the totality of concrete practical measures, the implementation of which is expected to consolidate the cause of peace and promote the success of social renewal.

History has placed a major role in the struggle for the preservation of peace and the elimination of the threat of war on the socialist countries, which represent a mighty force that is capable of restraining the aggressive circles of imperialism and preventing them from pushing mankind into the abyss of nuclear war.

The countries of the socialist community oppose the intrigues of the aggressive forces of imperialism with their consistent policy aimed at lowering military confrontation. Advocating the simultaneous dissolution of military blocs, particularly NATO and the Warsaw Pact, or, as a first step, the liquidation of their military organizations, they consider it necessary at the same time, under the conditions of increasing military preparations by the NATO bloc, to help in every way possible to perfect the activity of the Warsaw Pact as an instrument of collective defense against the aggressive aspirations of imperialism and of their joint struggle for lasting peace and for broader international cooperation.

The Soviet Union proceeds from the view that differences in social systems and ideologies cannot be used as a reason for tense relations between states of opposite social systems. The experience of mutual relations between the USSR and the Western European countries is indicative in this connection. As is known, detente, which the Soviet Union considered and still considers as a natural and necessary stage on the path to creating a comprehensive and

reliable security system, started with the development and deepening of these relations. The USSR has done and continues to do everything in its power for the development of this process. Positively appraising the experiences accumulated in Europe in the development of mutually advantageous cooperation, the Soviet Union proceeds from the view that the potential of this cooperation is great and that efforts are needed to activate all the positive factors which it contains. The example of Europe can render a good service to the development of the process of strengthening security, confidence and cooperation and to extending this process to the entire world.

The Geneva summit meeting has also helped to improve the international climate, in Asia in particular. Many public figures and observers in the capitals of Asian countries express hopes that positive changes will also take place in the Asian region. Thus, a correspondent of the Japanese newspaper ASAHI notes that, following the Geneva meeting, opportunities have opened up for Asian states to take the steps that would be aimed at achieving a transition from confrontation to detente. However, it is impossible not to admit that the factors which complicate the situation continue to have their effect.

The imperialist policy of destabilizing the world situation and escalating the arms race create a real and serious threat to the independence and sovereignty of the states and to security and peace in Asia. Developing their expansion in the Asian-Pacific region, the American imperialists are spreading noisy propaganda about the myth of the "Soviet military threat," sowing mistrust and discord among Asian states, and provoking conflicts between them. But, as is known, it is precisely American imperialism which continues to expand in that region the network of its military bases, including those with nuclear arsenals, and to encourage the steps of some bellicose regimes which are aimed at developing their own nuclear weapons.

The American armed forces in South Korea and Japan as well as the ships of the 7th Fleet off the coasts of the USSR and China represent the forward-based forces that are aimed, first and foremost, against the Soviet Union and other countries of socialism. The Pentagon attaches special importance to its military presence in Japan. That country's naval ports, used by the U.S. Armed Forces, enable the 7th Fleet to double its range of operations. The Yokosuka port is used as the permanent base of American aircraft carriers and as a landing port for nuclear submarines. The largest formations of Marines beyond U.S. borders are stationed on the island of Okinawa and they represent the basis of the "rapid deployment force." Misawa on the island of Honshu is the outpost of the American Air Force.

The ties within the Washington-Tokyo-Seoul military-political "triangle" continue to be strengthened. Recently the question of joint support for the South Korean regime has invariably occupied an important place on the agenda of negotiations between the United States and Japan. In this connection Japan has broadened its commitments to provide economic and military assistance to Seoul. The increasing militarist preparations of the United States in the Asian-Pacific region and the hardening of its policy in relation to the USSR and other socialist countries and the national liberation forces have caused

an exacerbation of tension in that region and have led to a deepening in the confrontation between states with different social systems in the Far East and Southeast Asia.

The policy of the aggressive circles of imperialism and, first and foremost, American imperialism has been and continues to be the main obstacle on the path of the improvement of the international situation on the Asian Continent. There is no doubt that the problem of strengthening peace and stability in Asia reaches far beyond its boundaries. The fact is that the state of political affairs on the planet as a whole depends in many ways on what course is taken by the development of events on the gigantic Asian Continent, which represents one-third of the earth's land and has a population accounting for more than three-fifths of mankind. The policy of imperialism and international reaction, which is alien to the national interests of Asia's people, is contrary to the aspirations of peoples for progress and development under the conditions of peace and independence.

The understanding of the indisputable truth that peace and stability on the continent cannot be ensured by a strategy aimed at confrontation and intensification of militarization, is growing among Asian countries. In appraising the situation in that part of the world, it is impossible not to also mention the critical attitude of ASEAN countries toward the American plans to form the so-called "Pacific Ocean association," which the United States would clearly want to use for itself to become some kind of a "master manager" of military and economic policies of the states of this most densely populated continent of the world. For instance, ASEAN countries fear that this "association" might undermine the role of their organization in the region, and they are not tempted in the least by the prospects of becoming, first, economically and then also politically and militarily dependent on the United States and Japan.

The Soviet Union sees the prospects for ensuring security and lasting peace in Asia in the mobilization of all forces in the struggle against the threat of war and not in the division of the region's countries into military, political or economic groups. In his report at the session of the USSR Supreme Soviet, M. S. Gorbachev emphasized that it is "extraordinarily important to strive to ensure that this region will not be a source of tension and a sphere of military confrontation. We are in favor of broadening the political dialogue between all states there in the interests of peace, good neighborliness, mutual trust and cooperation." As it is believed in the Soviet Union, the time has come to think about a general comprehensive approach to the problem of security and to a possible unification of the efforts of Asian countries for this purpose.

The Soviet Union's concept of a comprehensive approach to the problems of peace and security in Asia is based on the fundamental principles of the Leninist foreign policy, which was history's first policy to proclaim the idea of peaceful coexistence. This concept takes into account the entire totality of experience accumulated in various parts of the world to reduce tension and for detente. In the opinion of the Soviet Union, this concept could include such initiatives as the proposals of the Mongolian People's



Republic on concluding a convention on mutual non-aggression and the non-use of force between Asian states, the proposal of the countries of Indochina on developing good-neighbor relations with ASEAN countries, the proposal of India and other countries on turning the Indian Ocean into a zone of peace, the DPRK's proposal on a peaceful solution of the Korean problem, and so forth. As is known, the 5 principles of peaceful coexistence and the 10 Bandung principles that were worked out by Asian countries and are still relevant today, have played a positive role in resolving conflict situations and could also be taken into account by the participants in a broad discussion on security. As is known, the proclamation of a nuclear-free zone in their region by nine countries in the South Pacific has met with full support on the part of the Soviet Union. Naturally, the road to the implementation of the concept of Asian security is difficult, but then the road the Helsinki was not smooth either.

Improving relations between the USSR and the PRC acquires special significance under the conditions of the present aggravation of the international situation. Consistently striving to build its ties with the PRC on the basis of good neighborliness and the principles of peaceful coexistence, the Soviet side has advanced and is guided by the idea of the normalization of relations between the USSR and the PRC on the basis of mutual respect and mutual advantages and, it goes without saying, not to the detriment of the interests of third countries.

Certain steps are being taken in this direction. Political consultations between special representatives of the USSR and PRC governments are an example of these steps. It is also a positive phenomenon that in recent years the volume of Soviet-Chinese trade has noticeably increased and that contacts are being gradually arranged in a number of other fields. The results of the visit to the PRC by I. V. Arkhipov, first deputy chairman of the USSR Council of Ministers, in December 1984 were of essential significance in this respect. The agreements between the USSR and PRC governments on economic and scientific-technological cooperation and on forming the Soviet-Chinese Commission for Economic, Trade, and Scientific-Technological Cooperation were signed during the visit. The implementation of these agreements will undoubtedly help create a favorable atmosphere for deepening mutual understanding and trust between the USSR and the PRC.

It was pointed out at the March CPSU Central Committee Plenum that the Soviet Union wishes to seriously improve its relations with the PRC and that it believes that this is completely possible under the conditions of reciprocity.

At the meeting between M. S. Gorbachev, general secretary of the CPSU Central Committee, and Li Peng, member of the CCP Central Committee Politburo and Secretariat and vice premier of the PRC State Council, in the Kremlin on 23 December 1985, M. S. Gorbachev confirmed the Soviet side's sincere striving to seriously improve relations with the PRC. Further progress in the cause of strengthening good neighborliness and cooperation between our two socialist countries, M. S. Gorbachev noted, would correspond to the fundamental long-term interests of the Soviet and Chinese peoples and the interests of peace and security in Asia and the entire world. Li Peng expressed

the Chinese side's desire to promote the process of the normalization of bilateral relations and noted the PRC's interest in maintaining international peace.

The Soviet Union consistently strives for stable and good neighborly relations with Japan. The proposal made by our country to conclude with Japan a treaty of good neighborliness and cooperation still stands. This would be an important step toward strengthening mutual trust and creating a favorable atmosphere for a continuation of negotiations on the peace treaty. A joint elaboration by our countries--with the participation of other interested states--of confidence-building measures in the Far East could play a positive role in improving Soviet-Japanese relations.

As a result of our policy of peace and cooperation and of its manifestations in Soviet initiatives, the most widely different political circles in Asian countries are beginning to recognize the urgent need to improve the international situation in the region. This completely reflects the aspirations and expectations of peoples of the entire world. The fact is that even a superficial analysis of the peaceful initiatives of the Soviet Union, other socialist countries and a number of other peace-loving states shows that these initiatives extend to the entire world. A sincere aspiration to legalize the principles of the renunciation of the use of force in international relations is at the basis of these initiatives. Their leitmotiv is the thesis that the consolidation of security on the continent must become the common goal of Asian countries and peoples. There is a generally recognized understanding of the fact that the problem of the consolidation of peace and stability in Asia cannot be solved at a stroke; this is considered to be a long-term task. In this connection it is necessary to advance by stages, progressively moving forward, and make a well thought out transition from those accords between two states or several states which have already been achieved or will be achieved to larger-scale accords and to gradually consolidating stability in the region. Establishing the zones of peace and nuclear-free zones in various regions of the gigantic Asian continent most certainly could lead to gradually stabilizing the situation in all of Asia.

The Soviet Union has always held and continued to hold high the banner of peace and friendship among peoples. "A world without wars and without arms is the ideal of socialist"--the CPSU has once again confirmed in its congress documents that it will continue to be true to this Leninist banner. The CPSU proceeds from the belief that, no matter how great the threat to peace created by the policy of the aggressive circles of imperialism may be, world war is not fatally inevitable. It is possible to prevent war and save mankind from catastrophe. This is the historical mission of socialism and of all progressive and peace-loving forces on our planet.

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#### WRITER ASSESSES ASIAN-PACIFIC SECURITY PROGRAM

Moscow PROBLEMY DALNEGO VOSTOKA in Russian No 1, Jan-Mar 86 (signed to press 12 Feb 86) pp 14-136

[Article by Professor I. I. Kovalenko, doctor of historical sciences: "On a Complex Approach to the Problem of Asian Security"; passages rendered in all capital letters printed in boldface in source]

[Excerpts] The problems of peace and security in Asia and the organization of mutually advantageous cooperation, based on equal rights, between the countries of the Asian-Pacific region have always occupied one of the central places in the foreign policy activity of the Soviet state. "Russia," stated V. I. Lenin, "belongs geographically, economically and historically not only to Europe, but also to Asia."<sup>1</sup> However, it is not only in view of this fact that the Soviet Union has attached and is continuing to attach paramount significance to the Asian area of its foreign policy. The interest of the CPSU and the Soviet state in the fate of the peoples of Asia is determined by considerations of a fundamentally historical nature.

For hundreds of years the peoples of the Asian-Pacific region languished under the harsh yoke of colonizers. The Great October Revolution awoke the peoples of the East, inspired the hope of liberation in them and helped them to rise up for the sacred struggle for their rights. Having opened up a new era in mankind's development, the revolution in Russia initiated a crisis in the colonial system of imperialism, while World War II, during which the most aggressive detachments of world reaction were routed with the Soviet Union playing a decisive role, led to the disintegration of the colonial system of imperialism. Dozens of states and the many million-strong masses of Asian peoples entered the historical arena as full and equal members of the world community.

No event of world significance can now be decided without the participation of the liberated peoples of Asia. The pulse of the Asian Continent is now to be heard beating all over the planet. The tumultuous events occurring attract the attention of all who are in favor of the consolidation of peace and the security of peoples. For this reason, it is no accident that the statement by M. S. Gorbachev, general secretary of the CPSU Central Committee, which advances a complex of new major foreign policy initiatives, aimed at promoting an improvement in the international situation and the development of trust as

an inseparable component of relations between states, stresses in a special section that "ensuring security in Asia is of vital importance to the Soviet Union as one of the largest Asian states."<sup>2</sup> On the other hand, as E. A. Shevardnadze, foreign minister of the USSR, stated in an interview with MONTSAME, the Mongolian news agency, "the proposals contained in the statement of Comrade M. S. Gorbachev, general secretary of the CPSU Central Committee, proposals which are of a nature common to all mankind, directly correspond to the hopes of all peoples."<sup>3</sup>

Throughout their entire history the CPSU and Soviet state have struggled untiringly for the preservation and consolidation of peace and for the ensuring of peoples' security on the basis of the Leninist policy of peaceful coexistence. A concrete manifestation of the Soviet Union's peace-loving course is the unfading struggle for peace and against the threat on nuclear war on the basis of joint efforts by states, regardless of their social systems and ideological views. It was precisely the Soviet Union which, for the first time in the history of diplomacy, posed the question of the collective ensuring of peace both in Europe and in Asia as the biggest problem of the contemporary period and which is waging an untiring struggle to make this historic task a reality. The new edition of the CPSU Program states that "the CPSU stands for the pooling of efforts by all interested states in the interests of ensuring security in Asia and for a joint search by them for a constructive solution to this problem.

"Asia, Africa, Latin America and the Pacific and Indian oceans can and must become zones of peace and good-neighborliness."

As a result of the rout of fascist Germany and militarist Japan in World War II, a fundamental change occurred in the world arena in favor of peace, democracy and socialism. People's democratic revolutions were victorious in the countries of Eastern Europe, and in Asia many countries threw off the colonial yoke to become independent sovereign states, while some of them started along the road of socialist development. However, the former colonial powers did not want to become reconciled with the new postwar world structure. They made desperate attempts to enslave the liberated peoples once again, by putting the most diverse means into action, from economic penetration to open armed intervention.

"Led by reactionary American circles, the imperialist states," the resolution of the 20th CPSU Congress noted, "began, soon after the end of the war, to conduct a policy 'from a position of strength,' which reflected the aspiration of the most aggressive elements in these states to suppress the workers and democratic and national liberation movements, to undermine the socialist camp and to establish their own world domination."<sup>5</sup>

Striving to maintain their positions, the United States and other imperialist states resorted to direct interference in the domestic affairs of Asian countries, giving rise to uninterrupted clashes and military confrontations. As Indira Gandhi justly noted, "most, if not all, military clashes arose at first out of imperialism's unwillingness to renounce its domination and later from the fact that it resorted to new forms of interference."<sup>6</sup> The military

fist has been used in Korea and Indochina, Indonesia and Malaysia, the Philippines and other countries. International and primarily American monopolies have more than once organized armed assaults of the national liberation movement of Arab peoples. They too were the true organizers of the armed conflicts that have repeatedly flared up between the two largest countries of the Hindustani peninsula--India and Pakistan. Through their fault, blood is still flowing in the Middle East, Cambodia, Afghanistan and other regions of the Asian subcontinent.

Soviet researchers note that in only the 25 years after the end of World War II, American imperialism resorted to armed intervention in the domestic affairs of developing countries almost every one and a half years. Almost 20 times more funds were spent on these purposes than on economic assistance to all developing countries in the same period.

In trying to preserve the remains of their "empires" or to establish neo-colonialism, imperialist powers have knocked together various imperialist groups and have created military-political aggressive blocs, thus trying to ensnare Asian peoples in them, to place some countries in opposition to others, to set some peoples on others and to make Asians fight Asians.

At the end of the 1960's and the beginning of the 1970's, uninterrupted wars and conflicts and the open interference of imperialist states in the domestic affairs of the Asian peoples gave prominence to the task of establishing new relations between the peoples of the continent, relations that would make confrontation give way to dialogue and rapprochement, guardedness and suspicion give way to trust, and isolation and hostility give way to wide-scale political, economic and cultural cooperation. Democratic forces in the Asian countries began to be ever more distinctly aware that only collective peace and collective security would rid them of all forms of capitalism and neocolonialism, of conflicts, and of internecine wars.

The political basis of collective security is the principle of the peaceful coexistence of states with different social systems, a principle that has become one of the definitive areas of Soviet foreign policy. Recognition of this same principle by the imperialist powers as a norm of the mutual relations between the two worlds would open up an opportunity to reconstruct international relations and would create the necessary preconditions for the construction of a system of collective security.

As far as the legal principles of collective security are concerned, these must be based on the generally accepted norms of international law and must take into account the objective reality of contemporary Asia, its traditions and the experience that the Asian peoples have accumulated during the struggle against imperialism and neocolonialism. Soviet government and socio-political circles proceed from the view that collective security in Asia can be built on the following principles: renunciation of the use of force in relations between states; respect for sovereignty and the inviolability of borders; noninterference in internal affairs; wide-scale development of economic and other cooperation on the basis of complete equality of rights and of mutual benefits; recognition and strict observance of the right of each

people to be master of its own fate; the impermissibility of annexing territory by means of aggression; the settlement of all international controversies by peaceful means; the establishment of the inseparable right of each people to sovereign ownership of its natural resources and to the implementation of socioeconomic transformations.

The Soviet idea of collective security in Asia received wide-scale international recognition and was positively welcomed by the Asian public. And this is no accident. The system of mutual relations between countries in the contemporary world has assumed such a close-knit and interdependent character that no state can feel secure unless it relies on collective support. For this reason, all peace-loving countries to which aggressive intentions are alien are striving to acquire a guarantee of their security on collective principles, which are the most effective means of averting the threat to peace and of resolving international controversies.

The Soviet Union is firmly convinced that by its very nature collective security is of an all-Asian nature and that the regional basis, that is, the organization of a system of collective security on individual continents and in individual geographical zones, may become an effective form of cooperation in consolidating general peace and cutting aggression short. A world system for the maintenance of lasting peace all over the planet could be formed out of the sum total of regional zones of security.

It should be noted that solving the problem of collective security in Asia is a complex and lengthy process. Numerous difficulties and barriers stand and will arise on the way toward this solution. It must be borne in mind that there are forces in the world that gain advantage from the aggravation of the situation and from the intensification of the arms--particularly nuclear arms--race. These forces are the military-industrial complex in the United States, the transnational monopolies, the supporters of the "cold war" and various sorts of chauvinist and ultra-nationalist elements. They are striving to achieve their strategic goals by means of war, the goals of liquidating the socialist system, enslaving liberated peoples and establishing the rule of the power of capital over the entire world.

The opponents of detente assert that the process of relaxing tension is supposedly of no advantage to the West or is of less advantage than it is to the socialist community. They demand newer and newer assignments for military purposes and impose an endless arms race on peoples in an attempt to drive the world back into the trenches of the "cold war."

Imperialist circles are afraid that the Asian Continent will be closed forever to the domination of capitalist monopolies. They would like to see Asia always divided and open to aggressors. These forces can in no way abandon their plans to overturn progressive regimes and to suppress national liberation movements. They still cling to the remains of their influence in Asia.

The largest capitalist powers, and the United States and Japan first and foremost, saw a threat to their own political interests and economic privileges

in the Soviet proposals on collective security in Asia, since the implementation of the Soviet initiative would mean the disbandment of military blocs and alliances, the liquidation of foreign military bases and the strengthening of the freedom and national independence of young national states, of their complete equality and of their equal security. For this reason, they have done and are doing everything to discredit the Soviet idea and to represent it as some plan to establish the USSR's domination on the Asian Continent.

It is difficult to provide a prepared scheme for, or to determine the concrete paths of, the Asian people's movement toward ensuring lasting peace through collective efforts. As experience has shown, the creation of a system of collective security is not a one-shot act. It is a lengthy process of forming new relations between countries, the basis of which must be the principle of equal security for all states, regardless of their economic might, military potential, geographic size and sociopolitical system. The transformation of Asia into a continent of peace and cooperation will require a considerable amount of effort, time and patience on the part of all countries and all political and social movements in order to overcome the mutual distrust, suspicion and prejudice that have been sown among the Asian peoples by colonizers for centuries.

In the middle of 1985 the CPSU and the Soviet state once again turned to the question of the collective defense of peace and the development of a general, comprehensive approach to the problems of security in Asia with the aim of combining the efforts of all Asian states, irrespective of their social systems, for the sake of ensuring peace and stability. Speaking at a dinner in the Kremlin in honor of Rajiv Gandhi, prime minister of India (1985), M. S. Gorbachev, general secretary of the CPSU Central Committee, stated: "In Asia today the problems of ensuring peace and security are perhaps no less acute and painful, and in individual regions even more so in Europe. It is thus understandable that in recent years a number of important constructive initiatives have been advanced on certain aspects of the security of the Asian Continent and its individual regions. Among the authors of these initiatives are the socialist states and the participants in the non-aligned movement. They include the USSR and India....

"The question now arises of whether we should not take all these initiatives into account, as well as the experience of Europe to some extent, and think about a general, comprehensive approach to the problem of security in Asia and about possible combined efforts by Asian states in this direction. Of course, the way toward this is complicated. But, then, the way toward Helsinki was not smooth or even either. Various methods are evidently possible here--both bilateral negotiations and multilateral consultations, even including the holding in the foreseeable future of some all-Asian forum for an exchange of opinions and a joint search for constructive solutions."<sup>7</sup>

In advancing the idea of all-Asian security, the USSR proceeds from the view that the Asian-Pacific region must become involved in the world process aimed at averting and preventing thermonuclear catastrophe.

In spite of their different positions on individual issues, the peoples of Asia and the Pacific Ocean are connected by their community of vital interests and are faced with the necessity of carrying out similar tasks which can only be carried out in conditions of peace, good-neighborliness and mutual cooperation.

The new postulation of the question of a comprehensive approach to the problems of consolidating general peace and international security and of developing concrete measures aimed at improving the situation in Asia has its own grounds.

At the end of the 1970's and the beginning of the 1980's, the ruling circles of the Western countries and primarily the United States attempted to take social revanche by starting an open confrontation with the countries of world socialism and with all forces for peace, democracy and social progress, striving to push them back or even to rout them. The U.S. administration has openly stated that the goal of U.S. policy is to liquidate socialism as a sociopolitical system. Proceeding from this, the U.S. military-industrial complex has developed a wide-scale program of building up its military-economic might and creating an enormous military machine which relies on the most modern nuclear weapons. The U.S. bosses are striving to establish the world domination of American imperialism and have set about implementing this geopolitical task. The policy of peaceful coexistence and detente has been discarded as one not corresponding to their imperial interests.

The U.S. administration has abandoned treaties and agreements which it previously concluded with the USSR and other socialist countries, particularly those treaties and agreements that concerned curbing the arms race and that regulated relations with the United States on the principles of peaceful coexistence; it has developed a wide-scale psychological war against world socialism and the forces of social progress and has set out on the road of provoking conflicts in various regions of the world, of unrestrainedly whipping up tension, of implementing a policy of terrorism and of intimidation.

The United States is displaying particular zeal in increasing the arms race.

The Pentagon is striving to ensnare the world in the broad network of its military bases and to site new types of weapons, including nuclear weapons, on them. Armadas of ships with nuclear weapons on board ply the near and distant approaches to the Asian Continent. The Pentagon keeps thousands of nuclear warheads in combat readiness here. The United States has set about practical preparations for the deployment of medium-range nuclear weapons in the immediate neighborhood of the socialist countries of Asia, India, and other states with governments that do not suit the United States.

The Pentagon's deployment of new nuclear weapon carriers in the West European NATO countries and in the Asian-Pacific region has created a dangerous new situation and forces the Soviet Union and the other socialist countries to take countermeasures.

It is natural that the dangerous trends in the development of the international situation are also having a telling effect on the situation in Asia.



The contemporary political situation in the Asian-Pacific region is characterized by a growth in tension. In Asia, as in Europe too, the United States has adopted a course of transforming this region into one more zone of confrontation with world socialism and the forces of national liberation.

The U.S. administration bears direct responsibility for the existing conflicts in the Near and Middle East, Afghanistan and Indochina.

With the help of its satellites and mercenaries, it has provoked and sparked off military conflicts in these regions and is making efforts to spread them, hoping that by these means it can smash the aspirations of the peoples of the Arab East, Afghanistan and Cambodia for free and independent national development, to isolate them from world socialism, to turn these countries into strongpoints for the further offensive against the forces of peace, democracy and social progress.

No less dangerous is the destructive U.S. policy on the Hindustani peninsula, where Washington is attempting to spark off a conflict between Pakistan and India and to turn this subcontinent into an arena of constant tension, distrust and suspicion. By arming Pakistan with modern weapons, the United States has set itself the goal of creating a constant threat to India's independence, destabilizing the situation in this country, tearing off individual states from it and turning these into its own military-strategic points.

The sharp activation of U.S. aggressive schemes in the Asian-Pacific region in the 1980's is perceived by the Asian public as the intention of American imperialism and its NATO allies to re-establish their undivided domination in Asia. This policy of the Western states has a negative effect on the national interests of the countries here, because it blocks the development of mutually advantageous trade-economic and scientific-technical ties common to the entire region, diverts considerable forces and resources to military purposes and intensifies the danger that conflicts will deepen and that new ones will arise.

For this reason, the normalization of the international situation in the region and the elimination of the destabilizing and destructive phenomena that are here have become a vital task of the governments and peoples of all countries in this region of the planet. The new Soviet initiative on a comprehensive approach to the problems of security in Asia corresponds to these tasks.

"Its essence," M. S. Gorbachev said at a dinner in honor of J. Batmonh, general secretary of the Mongolian People's Revolutionary Party and chairman of the Presidium of the Peoples Great Hural, on 29 August 1985, "is to combine the efforts of all Asian states, irrespective of their social system, for the sake of ensuring peace and stability. This proposal arises from the fundamental principles of the CPSU's foreign policy, which for the first time in history proclaimed the idea of peaceful coexistence. It takes into account the sum total of the experience accumulated in various regions of the world in the struggle to relax tension and promote detente."<sup>9</sup>

The Soviet concept of Asian security takes into account the rich experience accumulated by the peoples of Asia in combining their efforts for the struggle against old and new colonizers, against the forces of imperialism and hegemonism, and also of the useful experience acquired during the solution of the problems of peace, security and cooperation in Europe. The construction of new mutual relations in Asia did not begin on empty ground. The Asian peoples have already more than once put forward principles and norms of relations on which it would be possible to rely in the formation of peaceful and healthy ties between peoples.

M. S. Gorbachev stressed that a comprehensive approach to Asian security could include the five principles of peaceful coexistence ("Pantja Shila") developed by Asian states at one time, the ten principles of Bandung and a number of initiatives of the Soviet Union and other countries in the region.

The new Soviet proposals on a general and comprehensive approach to Asian security are not only nourished and inspired by the five principles ("Pantja Shila") and the ten Bandung principles, but also represent their further continuation with application to contemporary conditions, in which the situation in the world has become extraordinarily aggravated and requires additional new forms and methods of struggle for the preservation and consolidation of peace and for a return to detente.

At the same time it should be particularly noted that the basis of the Soviet idea of all-Asian security is THE LENINIST IDEA OF PEACEFUL COEXISTENCE. Coming out in favor of intensifying collective efforts for peace and security in Asia, the Soviet Union believes that the achievement of this goal is possible only on the principles of peaceful coexistence. The Soviet state proceeds from the fact that these principles and international security, including security in Asia, are closely and indissolubly interconnected. Only the adoption of the Leninist idea of peaceful coexistence and its full implementation can ensure international security.

Peaceful coexistence has nothing in common with the "export of revolution" and is resolutely opposed to the "export of counterrevolution." However, colonial wars, acts of aggression against the national liberation movement, military and economic intervention, and colonialism in all of its forms and manifestations, including racism, apartheid and neocolonialism, are all incompatible with its principles.

The adoption of the principles of peaceful coexistence does not mean the liquidation of contradictions and differences of opinion, the renunciation of competition between different social systems or the end of the ideological struggle. Nor does it mean the victory or capitulation of one of the sides. In the final analysis the victory of peace will be the victory of all mankind.

M. S. Gorbachev states that the principle of renouncing force or the threat of force and of resolving all controversial issues by peaceful means, as well as the principle of respecting the sovereignty and territorial integrity of all states in the region, must become the most important elements in Asian security. Not only the organization of a reliable system of security, but

also the maintenance of normal relations between states--relations of equality, friendship and cooperation--are unthinkable without the recognition of these principles.<sup>12</sup>

It is self-evident that the peaceful resolution of international controversies, the non-application of force and respect for sovereignty envisage first and foremost the recognition of the principle of peaceful coexistence. Half a century of stubborn and persistent struggle by the Soviet Union was required before the mightiest imperialist power in the world--the United States--recognized peaceful coexistence as the only possible basis for relations between the USSR and the United States and between other states with different social systems.

The concept of the principles of non-use of force or the threat of force is not confined only to the renunciation of the use of military force--the extreme form of violence. In our time the use of force can be carried out in other, more veiled forms, as political, economic and ideological pressure. These methods are becoming the favorite form of interference in the domestic affairs of other countries.

They include the imposition of unequal treaties and agreements that limit the sovereignty of the liberated countries; the inflammation of national discord between peoples; economic measures of neocolonialism--the seizure of sources of raw materials and commodity markets and also an unequal exchange based on lowered prices for the raw materials of developing countries and increased prices for the industrial commodities of developed countries; the implementation of various types of "assistance," the acceptance of which binds developing countries to the chariot of imperialist states for a long time; and so forth.

The Soviet Union has always been in favor of preventing the use of force or the threat of force to solve controversial problems from becoming a law of international life.

Another no less important element of all-Asian security must be respect for the sovereignty and independence of the state power of a given state in domestic and foreign affairs. The principle of sovereignty is a fundamental and generally accepted principle of international law which is legally consolidated in the UN Charter.

Whereas previously the imperialist countries trampled crudely and openly on the sovereign rights of peoples, keeping them in the position of colonial slaves, in the changed conditions imperialism and reaction are attempting to violate state sovereignty and encroach on the national independence of liberated countries in roundabout ways, by methods of political and economic enslavement which progressive forces aptly call neocolonialism.

The essence of neocolonialism is clearly revealed in the documents of the Conference of Communist and Workers Parties (1969): "The imperialists impose on these states economic treaties and military-political pacts that infringe on their sovereignty, and they exploit these countries through the

removal of capital, through unequal trade conditions, the manipulation of prices and exchange rates, loans, and various forms of so-called 'aid' and pressure by international financial organizations."<sup>16</sup>

The significance of the principle of sovereignty, equality, and of respect for the rights inherent in sovereignty for the reorganization of international relations on a new basis in the interests of peace and peoples' security is well revealed in the Final Act elaborated by the CSCE.

The strength of the Soviet concept of all-Asian security, which is based on the sovereign rights, freedom and independence of all great and small countries of the Asian-Pacific region, lies in the fact that it ensures that they have the full right to dispose of their national wealth by themselves and to build a new society in accordance with the aspirations and hopes of their peoples.

When examining the principle of sovereignty it is necessary to bear in mind that it is closely connected with territorial integrity and the inviolability of borders. The territorial integrity of a state and the completeness of its power are organically interconnected, because the integrity of state territory is an indispensable condition for the existence of that same state. The principle of territorial inviolability and integrity allows no forcible tearing away or seizure of the territory of any state. This principle forms an inseparable part of international law and has also been recorded in the UN Charter and in numerous agreements and declarations by states.

Collective security in Asia, as in Europe, is unthinkable without recognition of the principle of the territorial integrity of Asian states.

Strict observance of this principle is particularly important now, when the imperialist states and the forces of hegemonism have not yet abandoned their plans to recarve the postwar borders, are taking no account of states' sovereignty, are continuing to make territorial claims without stopping at the use of force or the threat of its use, and are making use of the border question to set some peoples on others. The states presently existing in Asia and the Pacific basin were formed historically within their territorial boundaries, and their territorial integrity was confirmed and laid down in corresponding international treaties and agreements.

Now that the world has been driven to the brink of a nuclear catastrophe, the most important questions are the questions of the struggle to prevent nuclear war, to reduce international tension, to prevent the arms race and especially the nuclear arms race, and to prevent the militarization of space. It is therefore natural that the measures aimed at reducing and eliminating the nuclear danger occupy one of the central places in the complex of measures proposed by the Soviet Union and aimed at ensuring all-Asian security.

Let us dwell on some of the principles and measures:

FIRST. Renunciation by all nuclear powers of the first use of nuclear weapons in Asia and the world as a whole. As is known, the Soviet Union

unilaterally assumed the obligation not to be the first to use nuclear weapons as far back as June 1982. This was a bold decision that was not calculated to score any propaganda success but to set an example for other nuclear powers in the sphere of curtailing the nuclear arms race. If the United States and other countries that have nuclear weapons assumed analogous obligations and proclaimed them from the UN rostrum, as the USSR representative did, this would signify a considerable reduction, an actual elimination of the threat of nuclear war, and the deliverance of mankind from the nightmare of nuclear catastrophe. Following the renunciation of the first use of nuclear weapons, it would easily be possible to reach accords on concrete measures to reduce nuclear weapons and, subsequently, to completely eliminate them. However, neither the United States nor the other nuclear powers (Britain and France) have joined this most important initiative of the Soviet Union and have thereby blocked its implementation. It has to be noted that China announced its decision not to be the first to use nuclear weapons even earlier (in 1967). Thus, of the five nuclear powers, two--the USSR and the PRC--have set a good example for other nuclear powers, and they appeal to them to join this important initiative. The USSR's proposal to follow its example still stands. "Has not the time come for our Western partners, the NATO countries," A. A. Gromyko has said, "to seriously assess the opportunities provided by the initiative of the Soviet Union? We expect them to once again carefully consider it."<sup>20</sup>

SECOND. Freezing the level of military activities and reducing and stopping the arms race, and especially the nuclear arms race, as the first step toward a complete liquidation of nuclear armaments.

Freezing nuclear weapons has become one of the most important issues of the political and propaganda struggle concerning the problems of peace and disarmament. It has become the touchstone of a sincere attitude of this or that state toward disarmament and the reduction of the threat of war. The freezing includes both nuclear weapons and the means for their delivery, including both strategic and medium-range and operational-tactical weapons and means. It covers all stages of the creation of nuclear weapons, that is, the manufacturing of fissionable materials and the development, testing and deployment of nuclear warheads and of means for their delivery.

THIRD. The non-use of nuclear weapons against the countries and regions of the Asian-Pacific part of the world which adhere to their nuclear-free status. The Soviet Union considers this proposal a very important part of its approach to all-Asian security. The adoption of this obligation would provide a guarantee to non-nuclear countries against a nuclear attack and would create an atmosphere of calmness and confidence in their future for dozens of countries and peoples of that vast region.

The Soviet Union has declared with all resoluteness that it would never use nuclear weapons against any states that renounce the manufacturing and acquisition of these weapons and do not have them on their territories. As is known, the USSR has expressed its readiness to give the form of an international agreement to this obligation and to start an exchange of views on this question with all interested states, including those in the Asian-

Pacific region. It is now the turn of other nuclear powers that still shrink from assuming such an obligation. It is the obvious task of the public of the countries in Asia and the Pacific basin to exert systematic and ever increasing pressure on the ruling circles of those nuclear powers that shun the adoption of this important obligation and to force them to change their position in the interests of the consolidation of peace and tranquility on earth.

FOURTH. The adoption by the states that have no nuclear weapons of the three nuclear-free principles, that is, the principles of non-possession and non-manufacturing of these weapons and non-importation of them to their territories. These three nuclear-free principles were first formulated and promoted by democratic forces in Japan as the main demand of their antiwar struggle. These principles were subsequently approved by the Japanese parliament as the country's official position in relation to nuclear weapons. However, American military circles do not consider the wishes of the Japanese people. American warships with nuclear weapons on board regularly visit Japanese ports. It is true that the Japanese Government denies these facts, but several Americans of the highest ranks have more than once made statements which show that the U.S. naval forces pay scant attention to these demands of the Japanese people.

As far as the Soviet Union is concerned, it continues to express its readiness to guarantee in the form of a treaty the non-use of nuclear weapons against states that do not possess nuclear weapons, do not manufacture them and do not have them on their territories. It was stated in 1982 that the USSR sees no obstacles to opening an exchange of views on the question with Japan, both within the framework of the proposal on holding negotiations on confidence-building measures in the Far East and within the framework of any other forms that are mutually acceptable to both sides.

If the governments of all nuclear-free countries of the Asian-Pacific region committed themselves to strictly observing the aforementioned three nuclear-free principles and the nuclear powers pledged by a treaty not to use nuclear weapons against them, this would represent a serious contribution to the cause of easing the situation in the region and consolidating peace and security in Asia and the entire Pacific basin.

FIFTH. The adoption of the Nuclear Non-Proliferation Treaty by those states which have not yet done so. The implementation of this measure would represent a most important link in the chain of creating all-Asian security. It is well known that the Nuclear Non-Proliferation Treaty, concluded in 1968, has played a most important role in preventing the proliferation of nuclear weapons on earth. The treaty has been adopted by 100 states. Nevertheless, some countries, including some in the Asian-Pacific region, have not signed it. Among these Asian states are the PRC, India, Pakistan, Iraq, Israel and others.

As is well known, China has been a member of the nuclear powers club for quite some time, but India, Pakistan, Iraq and Israel are capable of producing nuclear weapons and their scientific-technological studies have reached quite

a high level of development. Pakistan has moved closer to nuclear weapons than other countries and, as Indian representatives claim, it can build nuclear weapons in the immediate future. This is not surprising because the U.S. military-industrial complex, which counts on blackmailing India and other Asian countries by means of a Pakistani atomic bomb, is helping the Pakistani military authorities produce nuclear weapons.

The Indian Government has declared it is ready to join the Nuclear Non-Proliferation Treaty if Pakistan renounces the creation of the atomic bomb and gives the necessary guarantees to India.

Israel is playing a very dangerous game in the Near and Middle East. Its leaders are more and more often threatening to use nuclear weapons against Syria and other Arab states that firmly resist the Zionist aggression. According to available information, the Israeli rulers are speeding up the development of nuclear weapons with the scientific-technological assistance of the United States, thereby counting on heating up the situation in the Middle East even more by means of nuclear weapons and on expanding their aggression.

There is no need to make any efforts to prove what a threat to peace and international security is created by the further spread of nuclear weapons and what dangerous consequences may result from new states joining the nuclear club, the states that nurture aggressive plans against their immediate neighbors. Recently more and more non-nuclear states (mainly non-signatories of the treaty) have intensified their activities aimed at obtaining from abroad the necessary technology and equipment to build enterprises that would be able to produce military nuclear materials. This trend is secretly supported by the U.S. administration, which has adopted a policy aimed at facilitating the procedures connected with the granting of export licenses for nuclear technology and materials, a policy that is fraught with grave consequences.

The democratic public of many countries is alarmed about the possibility of a further spread of nuclear weapons and demands that the nuclear powers and the IAEA intensify their control over the use of nuclear technology and materials and strengthen in every way possible the system for the non-proliferation of nuclear weapons as an important practical step on the road to freezing nuclear arsenals and subsequently to completely liquidating nuclear weapons everywhere.

SIXTH. Completely stopping nuclear weapons tests everywhere, including in Asia and the area of the Indian and Pacific oceans. There is no doubt that the solution of this important problem would represent an achievement of great strategic significance. It is well known that the qualitative perfecting of nuclear weapons and the development of new varieties of these weapons are inseparably linked with their testing, something that whips up the arms race, promotes the appearance of new, more destructive types of nuclear weapons and broadens the possibilities for using them. Stopping the tests would also help strengthen the system for the non-proliferation of nuclear weapons because no new nuclear states could appear on the scene without the explosion of nuclear devices.

SEVENTH. Refusal by the Asian and Pacific basin states to participate in the plans for the militarization of space. The struggle against the militarization of space represents an important front in the struggle of peace-loving forces because the extension of the arms race to space will make a cardinal change in the world strategic situation and intensify the arms race.

The breakthrough by the United States in space with nuclear weapons will result in a number of grave consequences.

The so-called Strategic Defense Initiative (SDI), or, as it is called, the "Star Wars" program, not only will not lead to the elimination of nuclear weapons, but, on the contrary, will stimulate their steady perfecting. Expanding on the defensive character of SDI, the United States is not reducing, but instead intensifying, many times over, its preparations in the nuclear missile sphere. It is developing some 100 new types of strategic offensive weapons and is planning to deploy 12,000 long-range cruise missiles of all modes of basing, which will be aimed not only against the USSR, but also against other countries whose governments follow policies that do not suit Washington.

The Soviet Union resolutely opposes the transfer of the arms race to space. It fully takes into account the fact that, by spreading the arms race to space, the United States will jeopardize the process of reducing nuclear weapons and will create a completely new scientific-technological basis for the development [razrabotka] of even more destructive types of weapons. These weapons systems will not be located at distances of thousands of kilometers but will literally hang above the head of the enemy and will be essentially ready for instant operation.

Under these conditions, the Soviet Union will naturally be compelled to take the necessary measures to strengthen its defense and neutralize the threat.

EIGHTH. Preventing the creation of new, and the expansion of existing, blocs in the Asian-Pacific region and liquidating the military bases in the region.

The existence of military-political blocs and closed groups as well as the presence of military bases on foreign territory represent one of the most important sources of tension. Therefore, the world democratic public believes that blocs should be dissolved and bases liquidated.

Discounting the ANZUS pact, uniting the United States, Australia and New Zealand, which has been seriously split by the position of the D. Lange government and its decision to bar American warships carrying nuclear weapons from entering New Zealand's ports, there are no functioning military blocs in Asia at present. The former large military-political blocs of the SEATO, CENTO and ASPAC type have collapsed and have de facto ceased to exist.

However, the crisis of the existing military-political blocs in Asia does not signify that the imperialists and neocolonialists have laid down their arms and that they are taking no steps to strengthen their positions. Preparations



are in progress to form new blocs to replace the old ones that have collapsed. What is involved in this connection are the attempts to knock together the Washington-Tokyo-Seoul axis that would assume the function of a military-political police officer in Asia and the Pacific basin, and preparations are also in progress to form a broader military-political alliance under the name of the "Pacific Community." True, the formation of this community is camouflaged under the mask of an "economic association" which appears harmless at first glance and which would allegedly greatly benefit the countries of the Asian-Pacific region and, first and foremost, the ASEAN member-countries, but the organizers of this new group are finding it more and more difficult to conceal their real goals and the world public has already nicknamed the community an Asian variation of NATO.

At the same time the Pentagon strategists are also strengthening their relations with many countries of the region on a bilateral basis by concluding with them the appropriate treaties and agreements on military, political and economic cooperation.

The greatest danger to the cause of peace and security in the Asian-Pacific region is the Japanese-American treaty on "ensuring mutual security," which has essentially grown into a powerful military-political complex whose operations cover the waters of the Pacific Ocean to a distance of 1,000 miles from the shores of Japan. The association of the military-industrial potentials of two of the world's biggest capitalist powers is causing legitimate concern among the peoples of the entire Asian-Pacific region.

Furthermore, the United States has an analogous treaty with South Korea, on whose territory a 40,000-man American military corps is deployed, which counts among its armaments 1,000 nuclear charges of various designations. Considering the fact that South Korea is linked with Japan by a number of agreements, including some secret ones, it is clear that the Washington-Tokyo-Seoul axis is already functioning. The evidence of this is provided by several simultaneous American-South Korean and American-Japanese military exercises, during which all types of combat operations, up to and including assault landings and nuclear strikes against the territory of a potential opponent, are worked out.

The United States is striving to turn Southeast Asia into a bridge joining the American military structures in the western Pacific Ocean and the Near East. The American Armed Forces have made it a permanent practice to use the airfields, harbors and port installations of the countries of Southeast Asia as transit points for the "rapid deployment forces" that have been formed for interference in the internal affairs of Asian countries from the Pacific Ocean to the Persian Gulf.

Relying on the enormous number of its military bases and support points and the system of all types of alliances and treaties, the United States is turning the Asian-Pacific region into yet another zone of global confrontation with world socialism and the national liberation forces. Therefore, raising the task of liquidation of the foreign military presence and foreign military bases in the region and preventing the formation of new, closed military-political groups correspond to the urgent interests of the struggle

for creating collective peace and collective security to this vast and strategically important part of the world.

NINTH. The formation of zones of peace and nuclear-free zones in various regions of Asia and the Pacific and Indian ocean basins.

The formation of zones of peace and nuclear-free zones in various geographic regions represents one of the effective forms of struggle against the nuclear arms race. The idea of forming nuclear-free zones has quickly become popular. Peoples of the world have seen it not only as an effective way of preventing the proliferation of nuclear weapons, but also as a means of easing international tension and of improving the political climate of the planet.

The Soviet Union adopted from the very beginning the position of actively supporting the movement for nuclear-free zones and has declared more than once that it is ready to assume the obligation to respect the status of all nuclear-free zones that will be formed, provided the same obligations are also accepted by other nuclear powers.

Millions of people see nuclear-free zones as an important measure to curb the arms race and strengthen international security.

TENTH. Within the complex of measures designed to create a favorable situation for achieving Asian security, M. S. Gorbachev, general secretary of the CPSU Central Committee, has listed the need to implement confidence-building measures in military-political spheres.

The CSCE Final Act emphasizes that confidence-building measures should help reduce the danger of armed conflicts and of incorrect understandings or incorrect appraisals of a military activity that could cause fear, particularly under the conditions when the participating states lack clear and timely information about the nature of such an activity.

The confidence-building measures are called upon to help lower the level of military confrontation between states with different social systems and overcome bloc structures in international relations. This approach does not apply only to Europe; it is also of universal significance, provided that, of course, the appropriate regional or local conditions and peculiarities are taken into account.

These measures can concern concrete military activities of states and include: preventing accidental or unsanctioned use of nuclear weapons, military incidents; timely reciprocal notification on holding military maneuvers and exercises, on movements of forces; exchange of military observers and delegations; reduction of the number and size of maneuvers and exercises; limiting and subsequently ending military activities of states in this or that region of the world.

The actions promoting the strengthening of confidence should also include very important political measures and measures legally incorporated in

treaties such as the following: a treaty on no first use of nuclear or conventional weapons against one another; an agreement on freezing the numerical strength of forces in a given zone; an agreement on strengthening the guarantee of security for non-nuclear states and on non-deployment of nuclear weapons on the territories of states that do not have such weapons.

These confidence-building measures, set forth by the socialist countries in relation to Europe, can also be effective in relation to the Asian-Pacific region, where such countries as the USSR, China and Japan are neighbors and where the United States has set up a large number of air force and naval bases.

According to the USSR's proposals, the negotiations on confidence-building measures in the Asian-Pacific region should be open to participation by all states of the region. All states of the region should be equally interested in these negotiations if they aspire to a relaxation of tension and to the establishment of peaceful and good-neighboring relations among themselves.

Of course, the confidence-building measures cannot replace real steps to limit and reduce the arms race and to reduce the military potential of states, but they would help reduce the danger of nuclear war and of armed conflicts. Herein lies their invaluable significance, especially in relation to the regions where tension and a potential danger for the outbreak of military conflicts exist.

ELEVENTH. Renouncing support from abroad for subversive antigovernment armed terrorist groups.

The United States has turned terrorism into a habitual instrument of its policy, and this includes not only terrorism against individual persons or organizations, but also acts against entire peoples. Using the methods of the cruelest forms of terrorism, the United States tried to suppress the liberation struggle of the Vietnamese people, organized a bloody upheaval in Chile and trampled defenseless Grenada under the boots of its soldiers.

Specifically, the United States continues terrorist subversive activities against the sovereign states of Afghanistan, Cambodia, Nicaragua, Angola and Ethiopia.

It continues to form and dispatch to sovereign countries the bands of mercenaries and murderers with whose assistance it tries to overthrow lawful government and install its own puppets in power.

The provision of Pol Pot's followers with American weapons and ammunition and with everything without which they could not continue their hostile terrorist operations against their own people is increasing from year to year. The United States is the inspirer and organizer of undeclared wars against Afghanistan and Nicaragua. Washington has already spent about a billion dollars to arm and train the bandits who, in the course of their bandit attacks, are slaughtering Afghan women, old people and children. The Pakistani regime has received 3.2 billion dollars from the other side of the

ocean for its consent to turn its country into a base for bandit groups. (D. MacMile), a well-informed CIA associate, has very accurately characterized those on whom the United States relies in its policy of international terrorism. He has said: "This is a loathesome and tragic reality of murders perpetrated by bands of cutthroats. These people are armed, paid and organized by the United States. These people are agents of the United States."<sup>23</sup>

The American administration does not hide its intention to continue to pursue the policy of state terrorism throughout the world. American doctrine dictates that the United States should "support any state or any group fighting communism in any part of the world," and in this connection "communism" is understood to include the regimes that are considered objectionable by the American monopolies. In other words, the United States proclaims its right to resort to methods of subversive activities, terrorism, provocations and direct military intervention in relation to sovereign states whose peoples have themselves established and are defending their own democratic power. In this connection the United States wants the Soviet Union and other countries of socialism to remain indifferent and watch how U.S. imperialism tramples underfoot the freedom and independence of peoples. The United States tries to present the national liberation movements as terrorist movements that are allegedly directed against the existing lawful governments.

The Soviet Union has never promoted the fanning of regional conflicts and has always supported peaceful ways of settling them. It also condemns all forms of terrorism as an impermissible and harmful method of achieving political or any other goals. But whenever the forces of imperialism and reaction deliberately create "hot spots" and strive with methods of terrorism and provocation to overthrow the lawful governments of liberated countries, the position of the Soviet Union is clear and definite: The USSR will always side with the peoples who are threatened by imperialism and with the states upon whose sovereignty and universally recognized rights reaction encroaches.

The struggle for peace, cooperation and good-neighborliness will not be successful unless it ends the subversive terrorist activities of the United States against entire countries and peoples in the Asian-Pacific region as well as in other parts of the world.

These then are some of the aspects of the Soviet concept of general Asian security. Naturally, they do not exhaust this enormous problem and do not pretend to any kind of universality. They must also be supplemented with other ideas and considerations concerning the arrangement of political contacts and of trade, economic, scientific and cultural cooperation.

The Soviet Union proceeds from the view that there are no issues for which positive solutions cannot be found if all of the countries concerned stand firmly on the positions of the preservation of peace and the prevention of nuclear war and if they act collectively in conformity with the reasonable norms of international contacts and cooperation.

Only this approach can guarantee a peaceful future, not only for the peoples of Europe, where the task of preventing a further rise in the level of

military confrontation is especially acute, but also for the peoples of the Asian-Pacific region, where the tension of military-political confrontation is rising through the fault of the United States. "We," M. S. Gorbachev has pointed out, "are in favor of expanding the political dialogue between all states in the region in the interests of peace, good-neighborliness, mutual trust and cooperation."<sup>25</sup> The results of the visits by E. A. Shevardnadze, USSR minister of foreign affairs, to several Far Eastern countries in January attest to the positive development of this dialogue. The documents adopted in Tokyo, P'yongyang and Ulaanbaatar are aimed at promoting the cause of peace and stability in Asia.

The Soviet idea of general Asian security is not a ready-made plan. It is only a working hypothesis that still needs to be further developed in its details and filled with concrete substance. The entire complex task is to work out by collective efforts a security concept whose implementation will benefit all countries and peoples and under which no one will be victorious and no one vanquished and there will be no winners or losers.

The Soviet Union considers the comprehensive security of Asia and the Pacific Ocean a common task of all peoples of the region. Any state can put forward any initiative and make any proposal, which must be collectively examined with the greatest attention, if they are aimed at strengthening peace and security. "We highly value the constructive initiatives of the Asian socialist countries, of India and of other members of the Non-Aligned Movement," it is pointed out in the statement of M. S. Gorbachev, general secretary of the CPSU Central Committee, on the extraordinarily great foreign policy actions of the Soviet Union which are called upon to help improve the international situation. "We consider our program a contribution to the joint search, together with all Asian countries, for a common comprehensive approach to forming a security system and establishing lasting peace on this continent."<sup>26</sup>

It goes without saying that these and other measures, aimed at reducing tension in the Asian-Pacific region, will be implemented more quickly and effectively the sooner the United States also adopts them and moves together with the Soviet Union toward the full implementation of the nuclear disarmament program set forth by M. S. Gorbachev in his statement of 15 January 1986.

As far as the Soviet Union is concerned, it strives for no privileges for itself and is ready to search, together with all countries of the Asian-Pacific region, for reliable ways of reducing tension and improving the situation in the entire region. "The implementation of our program," the statement of M. S. Gorbachev emphasizes, "would fundamentally change the situation in Asia, deliver the peoples in that part of the world from the fear of nuclear and chemical threats and raise the security in that region to a qualitatively new level."<sup>27</sup>

#### FOOTNOTES

1. V. I. Lenin, "Complete Collected Works," vol 30, p 326.

2. PRAVDA, 16 January 1986.
3. Ibid., 27 January 1986.
5. "20th CPSU Congress: Stenographic Account," vol II, Moscow, 1956, p 411.
6. Quote from I. I. Tamgin, "On Collective Security in Asia," Moscow, 1973, p 6.
7. "The Visit to the Soviet Union of Rajiv Gandhi, Prime Minister of the Republic of India, from 21 to 26 May 1985; Documents and Materials," Moscow, 1985, p 13.
9. PRAVDA, 30 August 1985.
12. "Speech by M. S. Gorbachev at the Dinner in the Kremlin in Honor of J. Batmonh, General Secretary of the Mongolian People's Revolutionary Party and Chairman of the Presidium of the Peoples Great Hural of the Mongolian People's Republic, on 29 August 1985."
16. "International Conference of Communist and Workers Parties: Documents and Materials," Moscow, 1969, pp 287-288.
20. A. A. Gromyko, "Defending Peace on Earth: Speech at the 37th Session of the UN General Assembly on 1 October 1982," Moscow, 1982, p 4.
23. KRASNAYA ZVEZDA, 3 November 1985.
25. IZVESTIYA, 28 November 1985.
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27. Ibid.

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## CHINA'S SPECIAL ECONOMIC ZONES DESCRIBED

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[Article by V. Ya. Portyakov and S. V. Stepanov]

The Chinese leadership has announced and is pursuing an "open foreign economic policy" and as an important component of this policy special economic zones (SEZ)<sup>1</sup> were formed in the late 1970s and early 1980s in Shenzhen, Zhuhai and Shantou (Guangdong province) and in Xiamen (Fujian province). In recent years "special" powers to develop external economic ties and to attract foreign capital were also granted to 14 maritime cities and the island of Hainan. "Open economic areas" are being set up in the Yanzi and Zhujian estuaries and on the coast of Fujian province. It is expected that new maritime zones will be designated which will engage in the most active contacts with the outside world.

The details of the rights and powers these areas will enjoy in the sphere of external ties are yet to be determined in full. But it is stressed in Chinese publications that the SEZ should be more oriented towards the external market than the maritime belt as a whole. This explains why these zones have been given a special status in the development of China's external economic ties.

Although the SEZ are still at the initial stage of their development general picture of their functions, aims and principles of activity is quite transparent. The vanguard role of the SEZ in testing the "new ideas and political guidelines" in the sphere of the PRC's external economic activities is becoming ever more obvious, including in perfecting its legal basis, in the search for optimal forms and methods of attracting direct foreign investments, in the import of "modern technology, information and in the art of management".

At the same time both the orientation of the SEZ toward close ties with the world market and the Chinese leadership's desire to secure at the outset effective functioning of the special economic zones required the search for, and introduction of, new methods of management that would match the tasks and specificities of the SEZ. The reform of the system of work, wages, prices and construction, carried out in Shenzhen and now being extended to the other SEZ, gave the Chinese press reason to say that the special economic zones are not only a "window of technology, knowledge, management and external economic policy" but also a "window of reform". In accordance with instructions of the PRC State Council, the SEZ are now called upon "to look for the road to carry out socialist economic construction and reform the entire country's economic mechanism".<sup>2</sup>

In the light of the further expansion in 1984-1985 of the Chinese leadership's "open foreign economic policy" and the scale on which the reform of the economic mechanism in the PRC is being carried out, it appears timely to sum up some of the results of the SEZ's performance and the associated problems.

<sup>1</sup> The accepted translation into Russian in Soviet literature of the Chinese term "jingji tequ". In the PRC this term is usually translated into Russian as "designated economic area".

<sup>2</sup> Quoted from Liang Wensen, "Special Economic Zones as a 'Window in the Economy'", *Renmin ribao*, March 8, 1985.

#### THE EMERGENCE AND DEVELOPMENT OF SEZ

The ultimate decision to set up special economic zones in China was adopted by the CPC CC in July 1979 on the initiative of Deng Xiaoping who first spoke out on this issue in April 1979 at a working conference of the CPC CC. Preparatory work to set up zones in Shenzhen and Zhuhai and later in Shantou was started in September 1979. August 26, 1980 is regarded as the day of their official inauguration. On that day the Standing Committee of the National People's Congress endorsed the "Status of the Special Economic Zones in Guangdong Province". The Xiamen special economic zone was set up in Fujian province in October 1980 with the sanction of the PRC State Council.

As it is declared in China, the "theoretical foundation" underlying the establishment of these zones in the PRC are Lenin's theses on the possibility of using state capitalism to enhance the economic development of a socialist country and also the views of Marx and Engels on the internationalisation of production and the forming of a world market which, it is claimed, are "fully applicable" to socialist China in the 1980s.<sup>3</sup> In practice the PRC also attentively studied the world experience of setting up "free trade zones", "free ports" and "areas of the export processing of produce".<sup>4</sup>

The initial aim of setting up the SEZ was to attract foreign capital more vigorously into the PRC economy, primarily the capital of Chinese living in Hong Kong and Macao, to increase export and foreign currency earnings, to learn modern technology and management methods, and to enrich China's experience of participation in international economic cooperation in general.<sup>5</sup> Since, in the course of their practical activity, the special economic zones displayed a certain ability "to absorb new information on the world market and to quickly funnel it into the country"<sup>6</sup> they are now qualified as "strongpoints" and "bridges for China's penetration of the world market".<sup>7</sup> The mastering in the SEZ of the production of some high technology products (micro electronics, integrated circuits) also made it possible to count on their turning into a basis of new industries and even into a lever for stimulating technological progress in China's inland areas as well.<sup>8</sup>

He Chunlin, head of the office for the affairs of special economic zones of the PRC State Council contends that the necessary initial conditions for attracting foreign investments have now been created.<sup>9</sup> Apart from the creation of large-scale infrastructure and its own industrial construction,<sup>10</sup> the development of the fundamentals of legislation governing the functions of the SEZ, including the legal aspects of attracting foreign capital, was of great importance for improving the "investment climate" in these zones. In particular, such legal acts were adopted as the provisional regulations for the SEZ in the Guangdong province on the registration of enterprises, on entry and exit rules, on labour and wages, as well as a statute on the management of mixed and foreign

<sup>3</sup> *Economic Science Digest*, Peking, 1984, No. 10, p. 4-5.

<sup>4</sup> In 1983, there were over 400 such zones in 80 countries of the world. Free trade zones accounted for 10 per cent of the entire volume of world trade and by 1990 this figure is expected to reach 20 per cent. — *Jingjixue zhoubao*, Dec. 17, 1984.

<sup>5</sup> See, for instance, *Gungren ribao*, June 6, 1981.

<sup>6</sup> *Renmin ribao*, March 8, 1985.

<sup>7</sup> *Jingjixue wenzhai*, ... p. 5.

<sup>8</sup> *Renmin ribao*, March 8, 1985.

<sup>9</sup> *Renmin ribao*, April 3, 1985.

<sup>10</sup> For example, the total construction area in the Shenzhen SEZ is estimated at 5 million sq m (*China*, 1985, No. 5, p. 5); investments in capital construction in Shenzhen between 1980 and 1983 measured 1.9 billion yuan (state investments account for 9 per cent of this figure, foreign investments for 31 per cent, while the rest is covered by local resources) — See *Liaowang*, 1984, No. 24.



banks in special economic zones approved by the PRC State Council, and the regulations for the Shenzhen zone on the rules of land use, economic contracts with foreign partners and on the import of equipment.<sup>11</sup> In addition, a number of aspects dealing with the activity of foreign businessmen in the SEZ are regulated to a greater or lesser extent by various Chinese national laws on mixed enterprises based on Chinese and foreign capital and on foreign enterprises on the territory of the PRC.<sup>12</sup>

In accordance with the idea expressed by the Premier of the PRC State Council Zhao Ziyang "to use the attraction that the tax system... has for foreign capital"<sup>13</sup> Chinese legislation provides for a number of substantial benefits for the activity of foreign businessmen in the SEZ as compared with the rest of China. Thus, in the SEZ the income tax levied on all types of enterprises with the participation of foreign capital (mixed, contractual, and totally based on foreign capital) is 15 per cent and they are exempt from local taxation of profits.<sup>14</sup> There are no taxes levied on the import of goods (with the exception of alcoholic beverages and cigarettes) in the SEZ, and commodities and money can be freely taken out of them. There are additional benefits for enterprises in which foreign investments exceed \$5 million, which use the latest equipment and technology, and which use Chinese equipment and raw materials in the output of export products. Benefits are provided for the local reinvestment of profits and in some other cases as well. From 1982 to 1985 there was a 30-50 per cent discount for the rent of land in the Shenzhen SEZ. This discount was determined taking into account the existing rates in Hong Kong that vary from 10 to 100 yuan per square metre depending on the nature of the business that is being started.<sup>15</sup>

The Chinese side derives certain advantages from the established rules of land use. Thus, in mixed (joint stock) enterprises the payment due to the Chinese side for the foreign partner's use of land is counted as part of its share in cash, while in contractual enterprises, land (evaluated in accordance with the plot's location) is treated as the "materialised" capital of the Chinese side, that is, combined with the foreign businessman's cash capital or equipment (up to 20 per cent of the stock capital). Rent in pure form is actually exacted only from enterprises fully based on foreign capital.<sup>16</sup> On the whole the existing rules of taxation and land use allow the Chinese side to get 70 per cent of the taxes and profits with foreign capital's share in the joint enterprise being only 50 per cent.<sup>17</sup>

By the end of 1984 four special economic zones had a total of 4,700 contracts with foreign companies. The volume of foreign investments under these agreements was to have amounted to \$4 billion, while actually \$840 million were used (or a fifth of all direct foreign investments used in the country).<sup>18</sup> A tendency towards increasing the volume of contracts with foreign businessmen year after year is being observed.

<sup>11</sup> In *Shijie jingji daobao*, Shanghai, Jan. 14, 1985; *Renmin ribao*, Apr. 12, 1985.

<sup>12</sup> Y. G. Pashchenko, "The Legal Aspects of the 'Open Doors Policy' in the PRC", *Far Eastern Affairs*, 1985, No. 1, pp. 74-84.

<sup>13</sup> *Liaowang*, 1984, No. 24.

<sup>14</sup> An income tax amounting to 15 per cent of profit is stipulated also for industrial enterprises in the so-called "zones of economic and technological development" that are being set up in the 14 "open" maritime cities. Throughout the rest of the PRC the tax on the profit of mixed enterprises is 30 per cent (plus 3 per cent of the local tax), while the tax on the profit made by foreign-owned enterprises ranges from 20 to 40 per cent depending on net profit.

<sup>15</sup> *The Investment Environment in the Shenzhen Special Economic Zone*, published by the Company for the Development of the Shenzhen SEZ, Peking, 1982, pp. 8, 19.

<sup>16</sup> "Real Estate in China", 1984, No. 8, quoted from *Jinji xue wenzhai*, No. 11, p. 58.

<sup>17</sup> *Jingji yanjiu*, 1984, No. 11, p. 37.

<sup>18</sup> *Renmin ribao*, April 3, 1985.

The biggest results were achieved in 1984 when 1,400 various agreements were concluded providing for the attraction of \$900 million of foreign capital. Actually, \$330 million were used.<sup>19</sup> Another 406 contracts, attracting \$390 million were signed in the first half of 1985. Of this sum \$160 million have actually been used.<sup>20</sup>

Among the SEZ the one in Shenzhen bordering on Hong Kong (area 327.5 square kilometres) is the biggest and most developed one. The amount of foreign investments actually used there amounted late in 1984 to \$580 million, equalling one-seventh of all foreign investments attracted to the PRC.<sup>21</sup>

Table

Attraction of Foreign Capital to the Shenzhen SEZ  
(mln Hong Kong dollars)<sup>22</sup>

Years	1979	1980	1981	1982	1983	1979-1983	1984
Number of contracts	170	303	578	383	878	2,512	885
Investments made under agreements	235	2,135	6,800	1,420	2,634	13,224 (1,800 mln US dollars)	5,100
Actually used capital	120	250	590	880	1,130	2,970 (400 mln US dollars)	1,700
Type of business							
Joint enterprises	7	4	13	11	92	127	
Contractual enterprises	30	24	39	47	149	289	
Foreign enterprises	—	5	18	8	13	44	

The Shenzhen SEZ is distinguished by the comprehensive nature of its development encompassing such spheres as tourism, international trade, industry, personnel training and working offshore oilfields in the South China Sea. The share of investments for industrial projects is gradually increasing: in the total volume of attracted foreign capital it grew from 8 per cent (under agreements) in 1979-1982 to 39.3 per cent in 1983 and 35.6 per cent in 1984.<sup>23</sup> There is a decline in the attraction of foreign capital in such forms as compensatory deals, part assembly, manufacture of products from the customer's materials and according to his samples. On the other hand, there has been a growth of investment in joint projects—from 67.8 per cent of all investments in 1980-1983 to 90.3 per cent in 1984.<sup>24</sup> By then enterprises with the participation of foreign capital had provided 50 per cent of the zone's industrial output, which amounted to 1.8 billion yuan.<sup>25</sup> Several foreign banks have opened their offices in the zone.

The Zhuhai SEZ on the border with Macao is also developing quite vigorously (its initial area of 6.7 square kilometres was expanded to 15.16 square kilometres on June 29, 1983). By the end of 1984 the Zhuhai SEZ had more than 1,440 agreements on the attraction of foreign

<sup>19</sup> *Renmin ribao*, March 3, 1985.

<sup>20</sup> *Beijing Review*, Sept. 30, 1985.

<sup>21</sup> *Renmin ribao*, Jan. 18, 1985; Aug. 12, 1985.

<sup>22</sup> Data for 1979-1983 — *China Economic Year-Book, 1984*, Peking, 1984, pp. VI-180-181; for 1984 — *Guoji maoi* (International Trade), 1985, No. 3, p. 17. Figures under the heading "Investments made under agreements" are rounded off by the author.

<sup>23</sup> *Jingji yanjiu*, 1985, No. 2, p. 47; *Guoji maoi*, p. 17.

<sup>24</sup> *Guoji maoi*, ... p. 17.

<sup>25</sup> *Ibidem*; *Renmin ribao*, Aug. 12, 1985.

capital totaling \$1.68 billion, \$205 million of which have been actually used.<sup>26</sup> The zone is oriented mostly toward the development of trade, tourism and the light and food industries.

The Shantou SEZ\* (the initial area of 1.67 square kilometres was expanded to 52.6 square kilometres on November 29, 1984) had concluded 134 agreements with foreign businessmen to the sum of 1.39 billion Hong Kong dollars by May 1985.<sup>27</sup> Of these agreements 40 per cent are industry-related, mostly in the light and textile industries.<sup>28</sup>

The Xiamen SEZ (in Fujian province, it had an initial area of 2.5 square kilometres which was expanded by the PRC State Council in June 1985 to the entire area of Xiamen island—131 square kilometres) is oriented toward the development of tourism, instrument-making, electronics and light and textile industries. The implementation of 156 various joint projects providing for the use of \$380 million of foreign capital had been approved by late 1984.<sup>29</sup>

#### THE ECONOMIC REFORM IN SEZ

The reliance by the special economic zones in their activity "on a bold reform of the economic system and management methods" was an important condition for solving the tasks set before them. The need "to press for the system of management of the SEZ to be capable of promptly reacting to the rapidly changing situation on the world market and yield a big economic effect"<sup>30</sup> was emphasized once again at a conference on questions of the "open foreign economic policy" sponsored by the Secretariat of the CPC CC (March 26—April 6, 1984). With this aim in view a set of reforms in the sphere of management (including a separation of administrative, party and economic organs) has been implemented in Shenzhen since 1981, enterprises have been given extensive powers in external economic activity, in manufacturing and marketing commodities and in using their funds; a contract system has been introduced for hiring workers while engineers, technicians, managerial staff, etc., are picked on a competitive basis.<sup>31</sup> On the whole, market regulation has been openly proclaimed as the main principle underlying the functioning of the zones' economy.<sup>32</sup>

The relevant experience accumulated by Shenzhen is of special interest in the light of the priorities of economic reforms in the PRC outlined at the 3rd session of the National People's Congress of the 6th convocation (March—April 1985) according to which prime importance at the present stage is attached to reforms of the system of labour, wages, prices and price-formation.

The practice of hiring new workers on a contract basis is gradually being expanded in the zone (by mid-1984, 70 per cent of the workers in the Shekou industrial area worked under contracts). Under this system new employees first sign with the enterprise a six-month trial contract after which a permanent one is signed on the mutual consent of the sides determining the mutual obligations of the enterprise and the

<sup>26</sup> Estimated according to *Beijing Review*, April 1, 1985.

<sup>27</sup> Xinhua agency report, May 6, 1985.

<sup>28</sup> *Shijie jingji daobao*, May 20, 1985.

<sup>29</sup> *Ibid.*, June 17, 1985.

<sup>30</sup> *Liaowang*, 1984, No. 24.

<sup>31</sup> In *Jingji xue zhoubao*, July 2, 1984. As a result the "effectiveness of the labour personnel" in the SEZ is much higher than the average in the country. Thus, the average age of specialists in the Shekou industrial area of the Shenzhen SEZ is 34-35 years while that of workers 24-25 years. Moreover, 80 per cent of them have a secondary education. *China*, 1985, No. 5, p. 8.

<sup>32</sup> Report by member of the PRC State Council Gu Mu at the 9th Session of the Standing Committee of the National People's Congress of the 6th convocation. *Renmin ribao*, Jan. 18, 1985.

industrial or office worker.<sup>33</sup> The enterprise has the right to dismiss personnel that fails to meet requirements. At the same time the "contract" workers are regarded as part of the working class of China and enjoy all the rights ensuing from this.<sup>34</sup>

The principle "lower than in Hong Kong but higher than in the country's inland areas" was employed in the wage system at the initial stage of the creation of the zone. The actual income of industrial and office workers then was a sum total of a relatively low wage or salary plus numerous extras on top of the basic pay (for living in the border area, for transportation expenditures, for rent, for paying the water and electricity bills, for the medical treatment of dependents, etc.). The first step in reforming the wage system was to include the extras in the basic wage so that the industrial and office workers could pay for all services themselves. This system was in operation from 1981 to October 1983. This was followed by a "comprehensive reform" of wages, that is the transition to dividing wages into "fixed" and "fluctuating" components. Now wages at all enterprises (including all types of enterprises with the participation of foreign capital) consist of the following elements: basic wage (the former wage depending on skill rating); wage for position held, wage depending on the results of the enterprise's economic performance and of the given employee's personal contribution and, finally, extras: for the border area (15 yuan) and an extra 5 yuan a month that was introduced throughout the country from December 1979 to compensate for the rise in retail prices for certain foodstuffs.

The average monthly wage in the Shekou industrial area of the Shenzhen SEZ, where mixed and foreign enterprises are located, amounted, on the basis of results in the first quarter of 1984, to 193.76 yuan (the average wage in the PRC in 1984 was 80 yuan); this consisted of the basic wage—30.5 per cent, payment for the position held—37.2 per cent, fluctuating wage—22 per cent and extras—10.3 per cent.<sup>35</sup> The average wage of workers of state enterprises in Shenzhen was much less and amounted to 131 yuan a month.<sup>36</sup> This, however, was noticeably higher than the average wage of industrial and office workers in the PRC as a whole.

Although it is stressed in the Chinese press that the reform of the system of labour and wages generated a whole number of complex theoretical problems<sup>37</sup> and the feasibility of switching to contract hiring of industrial and office workers is at times being questioned, nonetheless the principle of closely linking wages with efficient economic performance of enterprises is becoming increasingly popular and the practice of offering jobs on a contract basis, especially in construction and the services, is gradually expanding.<sup>38</sup>

The main elements of the price reform in Shenzhen were, firstly, the handing over of the right to set prices for most commodities to enterprises and companies and, secondly, the substantial expansion of the sphere of operation of fluctuating and free prices both for consumer goods, first of all foodstuffs, and for means of production.

There are uniform rates for railway, sea and air carriage; post and telegraph services, rent, water and electricity, health care, city transport and education. A part of the material resources are sold and distribu-

<sup>33</sup> In *Jingji ribao*, June 15, 1984.

<sup>34</sup> In May 1985 a special resolution was adopted in the Shenzhen SEZ on the activity of trade unions in the zone.

<sup>35</sup> *Jingji ribao*, June 15, 1984.

<sup>36</sup> *China Reconstructs*, 1984, No. 9.

<sup>37</sup> *Jingjixue wenzhai*, p. 7.

<sup>38</sup> By August 1985 the PRC had 2.14 million "contract workers" — *Renmin ribao*, Sept. 27, 1985.

ted to Shenzhen in a centralized manner at prices dictated by plans. But this part is relatively small. The bulk of the main means of production in the zone is purchased at fluctuating prices, including import which often plays the leading role. Thus, in 1983 of the aggregate volume of steel rolled stock, cement, timber, coal, machinery and products of electrical engineering that was sent to the Shenzhen zone (totaling 306 million yuan), the share of products distributed by the state in a centralized manner amounted to 10.87 per cent, locally produced products—5.96 per cent, products bought at contract prices—25.1 per cent and import—58.07 per cent. Centralized state deliveries accounted for only 2.38 per cent of the steel rolled stock (160,000 tons) while import accounted for 66 per cent. The corresponding figures for timber (47,000 cubic metres) were 8.5 and 87 per cent respectively.<sup>39</sup>

Starting with November 1, 1984 free prices (fluctuating depending on demand and supply) of vegetables were introduced in Shenzhen along with "ceiling" prices for grain and grain products, vegetable oil and pork. At the same time rationing of these products was discontinued. For example, instead of the formerly set price of 1.86 yuan for a kilo of vegetable oil the ceiling price is 3.6 yuan per kilo. At the same time the subsidies of Guangdong province to sustain grain prices were set at 8 million yuan a year (as against 9 million in 1983) and are to remain unchanged for three years, while the subsidies adding to the prices of other foodstuffs were discontinued.<sup>40</sup>

Although it was stressed in several Chinese publications that the experience of Shenzhen in reforming the system of prices "cannot be accepted fully", in practice this reform in most Chinese cities is following the same lines.

#### EVALUATION OF THE SEZ PERFORMANCE

The Chinese leadership scrupulously follows the developments in the special economic zones and describes their experience as "on the whole successful". It appears that this appraisal has played a substantial role in the decision to "open to the outside world" a number of maritime cities and areas whose external economic activity is being developed with due account, obviously, of the tests to which various methods of attracting technology, foreign capital, etc., have been submitted in the SEZ.

At the same time the functioning of the SEZ has in fact entailed a whole number of complex social, ideological and political problems that have lately become the object of a thorough critical analysis in China.<sup>41</sup> Here one increasingly detects the tendency to evaluate the experience of the SEZ not in isolation (when the development of the SEZ is regarded, in effect, as an end in itself) but in the context of solving the tasks of the country's "open foreign economic policy" as a whole, which is of a "trial-and-error nature" and requires "a constant identification... of the gap between the aims and the real situation" with subsequent "adjustment of political guidelines".<sup>42</sup>

This standpoint makes it possible to "highlight" not only the real achievements but also often the limited importance and sometimes miscalculations in the activities of the SEZ to attract foreign capital, equipment and technology, and to develop export.<sup>43</sup> As practical experience

<sup>39</sup> *Theory and Practice of Prices*, Tianjin, 1985, No. 3, p. 39.

<sup>40</sup> *Shijie jingji daobao*, Dec. 10, 1984. It is believed that the Shenzhen budget will be the main beneficiary of this and its net profits (after deducting 4 million yuan to raise wages and salaries) will grow by 6 million yuan.

<sup>41</sup> This manifested itself especially patently in the course of the 3rd Session of the National People's Congress of the PRC of the 6th convocation in March-April 1985.

<sup>42</sup> *Shijie jingji daobao*, April 15, 1985.

<sup>43</sup> *Renmin ribao*, April 2, 1985.

was accumulated, the assessments of the possibilities of the SEZ, of their probable rates of advance to certain goals, became more realistic and cautious, replacing the original much too optimistic expectations.

Liu Guoguang, a prominent Chinese economist and Vice President of the PRC Academy of Social Sciences, now singles out 3 stages in the development of Shenzhen<sup>44</sup> which, it appears, the other SEZ will also have to go through with the necessary reservations.

1) From the moment of creation up to the present time—comprise the initial stage which is characterized by the formation of the infrastructure, followed by first measures to attract foreign capital and the latest technology, to acquire managerial experience, development of external economic ties and marketing of output.

2) The next stage will last until 1990 and its tasks are: a) to progress from "an internally oriented to an externally oriented 'model'" of development, to reliance on external investments and sales on the foreign market; b) to progress from an economic structure in which the leading role belongs to trade and services to a structure in which the main position is held by industry rationally combined with trade, especially foreign trade; and c) to apply modern technology in traditional industries and thus to transform them. What is implied is that foreign capital should account for 50-60 per cent of investments in industry and the export orientation of production should be increased to the level of 70 per cent.<sup>45</sup>

3) At the stage from 1990 to the year 2000 the transformation of traditional industry should be completed and the transition ensured from labour-intensive to technology- and knowledge-intensive industries and to the predominance of technologically advanced industries.

At present the SEZ are still very far from the fulfilment of the functions that have been entrusted to them. This also includes the most developed of them—Shenzhen. Industry still plays a very modest role in that zone. It accounts for 25 per cent of Shenzhen's profits, whereas trade and tourism account for 34 per cent and construction for 18 per cent.<sup>46</sup> While in 1979 retail trade turnover exceeded the gross value of industrial and agricultural production by one million yuan already, by 1983 this difference equaled 380 million yuan, a 50 per cent rise (if we take only the value of industrial output, then the commodity turnover increased by 74 per cent).<sup>47</sup>

In recent years Shenzhen developed largely due to state capital investments which from 1979 to 1984 amounted to 1.6 billion yuan against foreign investments of 1.1 billion yuan.<sup>48</sup> Moreover, the foreign investments were mostly made in the infrastructure and not in industry.

With only 20 per cent of output being exported, this orientation of the zone's industry has also not yet acquired clear-cut contours.<sup>49</sup> In 1983 Shenzhen had a foreign trade deficit of \$484 million.<sup>50</sup>

There are few big enterprises with really modern technologies in Shenzhen. Most of them are comparatively simple, labour-intensive assembly and processing plants.<sup>51</sup> As a result, the extent of processing (the share of net output in the gross value of output) in Shenzhen's industry

<sup>44</sup> *Ibid.*, Aug. 12, 1985.

<sup>45</sup> *Renmin ribao*, Aug. 9, 1985.

<sup>46</sup> *Asian Wall Street Journal*, July 8, 1985.

<sup>47</sup> *China Trade Report*, Aug. 1985.

<sup>48</sup> *Ibidem*.

<sup>49</sup> *Renmin ribao*, Aug. 9, 1985.

<sup>50</sup> *China Trade Report*, Aug. 1985.

<sup>51</sup> Thus, of the 878 contracts signed by Shenzhen in 1983 only in 31 instances were the obtained equipment or know-how considered to be really up-to-date. *China Economic Yearbook*, 1984, p. VI-181.

in 1984 amounted only to 21 per cent as against 35 per cent for the country as a whole.<sup>52</sup> Contrary to expectations, most enterprises with the participation of foreign capital are being set up on a contract and not a joint stock basis.

Specialists in China, in particular officials in Shenzhen, now better realize that turning it into a major producer of export products requires much effort and time, and that "it would be unrealistic to think that an export-oriented economy could be created overnight in the special economic zones".<sup>53</sup>

The "open" nature of the SEZ, the extensive contacts with foreign capital contributed to the large-scale generation of various economic crimes, including corruption, smuggling and currency speculation. Sometimes there is outright cheating by the foreign partners: instances of this were uncovered in Shenzhen in the middle of 1985 and were found to have inflicted much damage to China.<sup>54</sup>

It appears that monetary confusion and the ensuing difficulties in monitoring economic processes and various abuses constitute Shenzhen's most acute internal problem. Capitalizing on the difference between internal and external prices Shenzhen's enterprises and organizations often lay emphasis not on the expansion of export but on marketing output inside the country, including the marketing of imported products the way they are received or only after an insignificant processing.

The CPC CC even adopted a decision to issue a special currency for circulation in the SEZ with the aim of introducing order in the financial sphere. This decision still remains on paper. In practice, the yuan is being pushed out of circulation in Shenzhen and replaced by the Hong Kong dollar and the PRC's foreign currency coupons.<sup>55</sup>

The priority of market regulation in the management of the SEZ has resulted also in a higher growth of prices than in the PRC as a whole. This growth rate from 1979 to 1983 averaged 7.9 per cent a year in Shenzhen. Early in 1985 the central authorities were forced to introduce serious restrictions on the zone's activity. Limitations were imposed on crediting, especially in foreign currency, and the tax policy was toughened: now enterprises in the SEZ instead of the former 30 per cent must deduct 70 per cent of their foreign currency profits and give it to the state.<sup>56</sup>

It goes without saying that behind the complexities encountered by the SEZ in their development there are also important objective reasons. Chinese officials admit that Western firms, especially Japanese ones, zealously protect their technological achievements because they regard China as a potential competitor.<sup>57</sup> In their pursuit of profit, investors are interested in utilizing cheap Chinese labour, the tax benefits and in handing over secondary processing operations to the Chinese. They try in every way to reorient the enterprises in the SEZ to marketing their output inside China fearing the appearance of a strong rival.

The difficulties in attaining the initially set aims have given rise to attempts to revise them and to set simpler ones at least for the imme-

<sup>52</sup> *Renmin ribao*, Aug. 12, 1985.

<sup>53</sup> *Beijing Review*, 1985, Aug. 26, p. 4.

<sup>54</sup> *Renmin ribao*, Sept. 8, 1985.

<sup>55</sup> In 1983, 66.4 per cent of the retail trade turnover in Shenzhen were in yuan and 33.6 per cent in Hong Kong dollars and foreign currency coupons. *Jia lilun yu shijian*, 1985, No. 3, p. 39. According to some estimates Shenzhen accounts for 10 per cent of China's entire turnover in foreign currency coupons.

<sup>56</sup> *Asiaweek*, 1985, July 26.

<sup>57</sup> *Ibid.* It is evidently not by chance that so far Hong Kong capital is predominant in the SEZ. Thus, in the period to 1983 inclusively, investments from West European countries accounted for less than 2 per cent of the total in Shenzhen and from the USA for 1.8 per cent. In 1984 they increased respectively to 4 and 3 per cent—*Guojing maou*, p. 17.

diate future. In one of his articles, Liu Guoguang makes mention of the view that it is expedient for Shenzhen to specialize in agriculture, trade, tourism and the services.<sup>58</sup> The workers in the field have made known their opinion that the SEZ can only appear on the world market in the near future with traditional commodities.<sup>59</sup>

Even pronouncements by Chinese leaders, that were only recently totally optimistic, have become more cautious. In the summer of 1985 Deng Xiaoping characterized the Shenzhen SEZ as "still an experiment",<sup>60</sup> thus throwing foreign specialists and businessmen into a state of confusion and generating doubts about the prospects and stability of Peking's policy in respect to the SEZ. The Chinese press had to explain that this concerned not the strategy of the development of the special economic zones but the choice of concrete practical decisions that cannot be made without inevitable changes and tests.

There is no doubt that the approach in China to the functions, aims, and mechanism of activity of the SEZ will further evolve with the development of the zones themselves and the expansion of the scope and diversification of forms of the "open foreign economic policy" as a whole, and in connection with the arising problems and difficulties. But despite all shortcomings, the PRC's special economic zones have already done an important job: they have enabled China within a brief period of time to acquire an impressive experience of interacting in various forms with the world market and foreign business circles and stimulated (among other impelling factors) the initial readjustment in organization of the country's external economic activity.

The official economic policy of the Chinese leadership was formalized in the decisions of the All-China Party Conference of September 1985.

In the coming years, in particular in the 7th Five-Year-Plan period, the official economic policy of the Chinese leadership, as it is recorded in the decisions of this conference, continues to give external economic ties an important place in the modernization of the economy. It is further intended to expand the activity of the SEZ and other "open" territories of the PRC. A special plan, which possibly may be of a sufficient scope, will be worked out on the development of the SEZ.<sup>61</sup> According to some estimates by Chinese specialists by the year 2000 the Shenzhen SEZ alone is expected to attract \$5 billion of foreign capital and to obtain another \$2 billion from economic activity within the zone itself.<sup>62</sup>

Yet, doubts in China about the positive impact of the SEZ on socialist construction in the country as a whole have not vanished. An indication of this are the more frequent materials in the Chinese press designed to prove that "China's SEZ are socialist special economic zones and not capitalist special political zones". At the same time the experience and activity of the SEZ are qualified as "the utilization of capitalism for building socialism" and this, evidently, not only fails to remove the old questions but generates new ones as well.<sup>63</sup> Taking everything into consideration, an answer to the set of complex problems connected with the functioning of the SEZ will be given only by their subsequent development.

<sup>58</sup> *Renmin ribao*, Aug. 9, 1985.

<sup>59</sup> *Asiaweek*, 1985, July 26.

<sup>60</sup> *Beijing Review*, 1985, July 15.

<sup>61</sup> *Renmin ribao*, Sept. 26, 1985.

<sup>62</sup> *Collection of Articles on the Theoretical Problems of the Economy of the Special Economic Zones*, Peking, 1984, p. 96.

<sup>63</sup> Fan Sheng, "China's Special Economic Zones—Is This Capitalism?", *Jingjixue zhoubao*, Sept. 1, 1985.



## JAPAN'S ROLE IN 'TRILATERAL SYSTEM' EVALUATED

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[Article by S. I. Verbitskiy: "Japan in the Trilateral System"]

Japan's diplomacy has markedly stepped up its activities in the first half of this decade against a background of clamorous declarations by Tokyo that Japan has now become a "global" power. Japan's participation in the system of "trilateralism" which coordinates the activities of the three centres of the capitalist world—the United States, Western Europe, and Japan—has come to be regarded by them as a recognition of Japan's enhanced role in the hierarchy of capitalist states. Japan's diplomacy gives special importance to the Trilateral Commission and the annual summits of the seven leading capitalist countries (USA, Britain, France, Japan, West Germany, Italy, and Canada), which function within the system of "trilateralism".

Back in the early 1960s, Japan's ruling quarters considered enhancing their country's role in the world as an important long-term objective of Japanese diplomacy. In 1962, the then Prime-Minister Hayato Ikeda put forward the concept of the "three pillars" of the capitalist world, insisting on according Japan, alongside the United States and the Common Market countries, an appropriate role in international politics.<sup>1</sup> Yet the realisation of this concept was only possible in the late 1960s, when Japan's GNP became the world's second largest after the United States. Addressing a special session of Parliament in 1970, Prime-Minister Eisaku Sato said that Japan's new course should be geared to aligning its political influence on world events in accordance with its increased economic might.<sup>2</sup>

The factors which led to the declaration of the concept of "trilateralism" were contradictory. Above all, they reflected the sharp exacerbation of the socio-economic problems confronting the capitalist world. The structural crises in the world economy in the early 1970s, the USA's military and political defeat in Indochina and the increased influence of the socialist countries compelled the leaders of the imperialist powers to coordinate the activities of the three capitalist economic centres and chart a common strategy in the economic, political and military fields. The US establishment, confronted with the weakening of its economic position, looked for new means to keep its allies, both in the West and in the East, within the orbit of American influence. The sponsors of the concept of "trilateralism" were concerned about the increasing centrifugal trends in the relationship between the three centres of the capitalist world, and primarily, about the sharp exacerbation of their economic contradictions which exerted a destabilising effect on the world capitalist system. At the same time, they emphasised their great economic interdependence, participation in military blocs (NATO and the Japanese-American security treaty) and recognition of common socio-political values.

Washington regarded Japan's participation in the "trilateral system" as an important factor toward keeping it within the sphere of US political influence. Zbigniew Brzezinski feared that the rebirth of nationalism in Japan, coupled with "ideological radicalism", might destabilise

<sup>1</sup> See *Asahi*, Feb. 15, 1962.

<sup>2</sup> For more detail see D. V. Petrov, *Japan in World Politics*, Moscow, 1973, pp. 53-55 (in Russian).

the situation in the Pacific, for which reason Japan had to be tied up to the West securely<sup>3</sup>. Washington also hoped that Japan's substantial military and economic dependence on the United States would make it possible for the latter to use its Far Eastern ally to influence, in certain cases, the foreign policies of European countries.

The European attitude to Japan's participation in the "trilateral system" was two-pronged. European countries hoped that now it would be easier to check Japan's economic expansion on the European market. At the same time, European leaders feared that Japan, being politically the "weaker side" of the triangle, might back up Washington's hegemonistic policies.

Japan's former Minister of the Economy, Nobuhiko Ushiba, noted that his country's rapid economic development and the world economic crisis in the first half of the 1970s were the main factors which compelled the industrial powers to establish a trilateral consultative mechanism with Japan's participation.<sup>4</sup>

The prominent Japanese political scientist, Kinhide Mushakoji, wrote in the early 1970s that the interdependence of the highly developed capitalist countries drove them to cooperation "in the name of common benefits". At the same time, there are substantial differences between them. They are primarily concerned with their national or regional interests. Mushakoji believes that economic contradictions have come to play a leading role, affecting negatively their political and military cooperation. For this reason the trilateral system should view as its primary task the creation of "crisis diplomacy", i. e., a special mechanism for settling conflicts between leading capitalist powers.<sup>5</sup>

Such a mechanism was established in the first half of the 1970s.

By the late 1970s and early 1980s, Japan's conservative elite had substantially modified their views as regards both the objectives of the trilateral system and Japan's role in it. Addressing a plenary session of the Trilateral Commission in London in March 1980 K. Miyazawa, one of the leaders of the Liberal Democratic Party, emphasised the "community of values" shared by the centres of the capitalist world and the need for their close cooperation in drafting a common strategy vis-à-vis the socialist countries, primarily the USSR. He stressed that because of the weakening of the US economic and political positions, Japan should shoulder a part of the "global responsibility". He also emphasised the need to revise their attitude to "national interests" which should be viewed within the context of imperialism's global strategy. At the same time Miyazawa said that the United States should remain an important factor in the trilateral system. In his view, Japan and Western Europe should continue to "rely" on American might.<sup>6</sup>

Alongside the common aims Japanese political leaders and diplomats, through their participation in the activities of the trilateral system, pursue their own interests, especially those of the Japanese monopolies. They believe it important to counter the protectionist measures taken by the United States and Western Europe against Japanese exports and to safeguard the "free trade" principle, which, for the time being, suits the Japanese monopolies whose commodities are more competitive. Japan's leaders hope that their country's participation in the trilateral system will enable Tokyo to speak on behalf of the "Asian countries" and thus

<sup>3</sup> See Z. Brzezinski, *Between Two Ages: America's Role in Technotronic Era*, New York, 1970, p. 4.

<sup>4</sup> In *Dialogue*, New York, 1983, No. 33, p. 12.

<sup>5</sup> In K. Mushakoji, "A Note on Trilateral Crisis Diplomacy", in *Postwar Trends in Japan*, Tokyo, 1975, pp. 20-21.

<sup>6</sup> In *Asian Survey*, 1980, Vol. 20, No. 7, pp. 677-682.

consolidate its influence in the "Third World", especially in the Pacific region.

Finally, conservative political leaders in Japan hoped that the "big power" status would enhance the influence of the ruling party and their personal prestige among the broad public and result in an upsurge of nationalistic sentiments in the country.

The activities of the Japanese representatives in the Trilateral Commission and at the Big Seven summits were guided by these concepts and the immediate and long-term goals of Japan's ruling quarters.

The Trilateral Commission was set up in 1973 and included some 200 influential representatives of business and academic circles of the United States, Western Europe, and Japan. At its regular sessions it considers reports and makes recommendations to governments as regards their long-term economic and military policies. The Trilateral Commission has actually become a coordination centre for defining a conceptual approach to outstanding problems confronting the capitalist community.

The Japanese side in the Trilateral Commission is represented by prominent LDP leaders, big bosses, high-ranking officials and conservative academics. Former President of the Asian Bank for Development, Takeshi Watanabe, had for a long period been the Japanese Chairman to the Commission. The Japanese members took an active part in its plenary sessions and symposia and in the drafting of reports which were used then to prepare special recommendations for relevant governments. The reports and recommendations reveal the conceptual approach to vital international issues which had been taken by Japan's conservative circles.

Initially, the Trilateral Commission dealt mostly with problems pertaining to economic cooperation between the United States, Western Europe, and Japan, and, broadly, with East-West and North-South relations. At the request of the Japanese side, military problems were not considered. But beginning in the early 1980s, problems, such as "regional" and "global" security, came to the foreground.

In the context of "crisis diplomacy", the Commission considered inter-relations between the three economic capitalist centres in such fields as trade, finances, energy resources and high technology.

The following excerpt from a report on the problem of security, submitted to the Tokyo session of the Trilateral Commission in 1983, shows the importance attached by the Japanese side to the "free trade" principle: "...economic crises [of the early 1970s], the 1973 petroleum embargo and the oil price rises have been serious shocks to the Japanese economy and body of politics. Similarly today, the growth of economic protectionism appears to be regarded as a more serious threat to Japan than the much debated Soviet military threat."<sup>7</sup>

The problem of East-West relations, especially the various aspects of relations between the three capitalist centres and the Soviet Union, was one of the most important subjects of discussion within the Trilateral Commission. Noteworthy is the gradual shift by the Japanese side as regards this issue, so important for preserving international peace.

The Tokyo session of the Trilateral Commission in 1977 considered a report entitled "Cooperation Between Industrial Powers and Socialist Countries in Dealing with Global Problems". F. Kamiya, a university professor and prominent political scientist, was one of the authors. The contents and recommendations of the report were greatly influenced by the detente of the second half of the 1970s. The paper emphasized the economic fields, which offer prospects for mutual understanding between

<sup>7</sup> C. E. Smith, P. Vittorelly, Saeki Kiichi, *Trilateral Security. Defense and Arms Control Politics in the 1980s*, Tokyo, 1983, p. 17.

the two different economic systems. These included peaceful uses of nuclear energy, mutual development of raw material resources, trade, assistance to developing countries and measures to protect the environment.

Beginning in the early 1980s, however, the Trilateral Commission shifted its main emphasis to "defence problems", with the Japanese side taking an active part in the discussions. In its 1983 report made at the Rome session the Trilateral Commission accentuated the problem of the "Soviet military threat", Japan's participation in the US global military strategy and its "contribution" to "trilateral defence".

The report admitted, however, that the US defence policy *per se* might become a source of direct threat to the Japanese who feared that miscalculations or irrational moves by US foreign policy-makers might drag Japan into military conflicts. Japan was also "disappointed" with the qualitative aspect of its consultations with the United States on the Soviet problem. Specifically, Tokyo believed that US economic sanctions against the USSR, such as those concerning the gas pipeline, were inefficient and extremely expensive.<sup>8</sup>

The report "The Security of Southeast Asia and the Trilateral System", discussed at the Tokyo plenary session of the Trilateral Commission in March 1985, had been prepared solely by a Japanese representative—Masashi Nishihara, professor of the National Defence Academy—rather than by a group of people representing all the three centres, as is the standard procedure. This showed that Japan's role in the trilateral system had grown and that the conceptual approach of its conservative quarters toward global problems had further changed.

The report dealt in considerable detail with involving the three capitalist centres in the "defence" of Southeast Asia. Nishihara noted that in the late 1970s the member-countries of the trilateral system had come to the conclusion that they had common interests as regards important international problems bearing on the regional security of Southeast Asia.

It is interesting to note that the report referred to the possibility of setting up a new trans-Pacific security system which was not to replace the "old" one—the military treaties between the USA and the relevant countries in the region—but would use it as a basis.

Some political observers note that the Trilateral Commission increasingly affects the approach of its members to global problems. In May 1984, for instance, *Le Monde diplomatique* wrote that the proposals made by the Commission were no longer recommendations. Actually, they were "directives" for relevant governments. Not infrequently they predetermine the outcome of a forthcoming summit.

Annual summits of the Big Seven have been held regularly since 1975. Initially, their main purpose was to discuss anti-crisis measures to stabilise capitalist economy. In the subsequent period, however, this "forum" of capitalist leaders gradually transformed into a mechanism for formulating the West's global strategy vis-à-vis the socialist and developing countries.

By participating in the Big Seven summits, Japanese leaders pursue both foreign and domestic policy goals. In their view, Japan has succeeded in joining the "family of first-rate powers" and has been allowed to participate in discussing the global problems of the capitalist world.

Moreover, there has appeared the possibility, as a *Mainichi* observer pointed out, for creating the impression among the Japanese public that their leaders are big-shot politicians "participating in the decision-mak-

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<sup>8</sup> *Ibid.*, p. 18.

ing process as regards problems affecting the political strategy of the Western world".<sup>9</sup> The following fact is indicative of the importance attached by the LDP leadership to Japan's participation in the Big Seven activities. In the summer of 1980, Premier Masayoshi Ohira fell seriously ill and his ability to participate in the Venice Summit was questionable. This aroused deep concern among the LDP leadership who feared that Ohira's absence could affect negatively the results of the forthcoming election to the lower chamber of Parliament. One of Ohira's closest supporters said that he would "have carried him to the conference site even on a stretcher".<sup>10</sup>

Many Japanese observers believe that a certain "alienation" complex toward the industrial Western powers was behind Japan's low-key activity at the first summit meetings. They wrote Japan was a "newcomer" in international diplomacy and that Japanese leaders were not recognised internationally.<sup>11</sup> This "alienation", they said, was also rooted in the specifics of Japanese culture and language, which makes it more difficult for Japanese leaders to engage in direct contacts with their Western counterparts, who are "members of one family maintaining confidential relations with one another".<sup>12</sup>

During the first conferences of the Big Seven, Japanese leaders concentrated mainly on economic issues, seeking to alleviate the criticism of the United States and Western Europe with regard to their trade imbalance in favour of Japan. Tokyo was also greatly interested in the raw material problem, specifically in taking joint action by the industrial capitalist countries vis-à-vis OPEC.

The Japanese rulers were somewhat shocked when Japan had not been invited to attend a meeting of the heads of government of the United States, Britain, France, and West Germany in Guadeloupe in 1979. In that case, however, Japanese political analysts emphasised a more tangible cause. *Tokyo shimbun*, for instance, wrote: "Whereas the foreign policy of the Western countries is one inseparable whole which includes political, economic and military aspects, Japan is only interested in economic questions. Our diplomacy has 'white spots' which make taboo even the discussion of security problems."<sup>13</sup>

Japan's conservative leaders came to the conclusion that as long as they did not change their approach to military problems, they could not become equal partners in formulating the capitalist world's global strategy.

In the early 1980, the Japanese government and the LDP leadership worked out the so-called programme of economic security, which stressed that Japan's economic development is intimately connected with international political, economic and military factors. Japan must strive to stabilise the existing structure of world economy, exert every possible effort to ensure uninterrupted deliveries of raw materials and foodstuffs and take measures to ensure the security of its sea communications.<sup>14</sup>

The declaration of the economic security programme was accompanied by Japan's active involvement in the global military-political strategy of the new US Administration. In a communique released following the Reagan-Suzuki meeting in May 1981, it was stated that the

<sup>9</sup> *Mainichi*, June, 4, 1980.

<sup>10</sup> *Mainichi Daily News*, July 19, 1981.

<sup>11</sup> *Japan Times*, January 10, 1979.

<sup>12</sup> This is why the conservative circles in Japan regard the establishment of friendly relations between Premier Nakasone and President Reagan as a "political success". The exchange of diminutive "Yasu" and "Ronnie" is very indicative.

<sup>13</sup> *Tokyo shimbun*, July 19, 1979.

<sup>14</sup> In *News from MITI*, May 7, 1982.

Japanese Prime-Minister "expressed the opinion that it is important for the industrial democratic nations to have a common approach to various political, military and economic world problems and to resolve them consistently in order to create all the conditions for ensuring the security of the West as a whole".<sup>15</sup>

Premier Suzuki's active participation in the Big Seven meeting in June 1981 in Ottawa was a practical manifestation of the new approach to global problems. For the first time ever, a head of the Japanese government submitted his own programme to the summit, urging its participants to implement a "complex strategy". The latter provided for "taking effective counter-measures against the increased military might of the USSR" and its "penetration" into the "Third World" countries; for consolidating the economy of the Western countries and stabilising the situation in the developing world on the basis of a solution to the North-South problem.

As regards Japan's direct contribution to the "complex strategy", this, in Suzuki's view, should involve measures to strengthen the economic and political stability of the developing countries.<sup>16</sup>

In other words, the Japanese Premier officially declared Japan's readiness to shoulder the "burden" of stabilising and consolidating pro-Western regimes, primarily in the Pacific region.

At the May 1981 summit, Prime Minister Suzuki and President Reagan declared that Japan and the US would intensify their assistance to regions which are important for maintaining peace and stability in the world. The Japanese institute of peace and stability points out in its annual review that Japanese diplomacy regards as such regions Pakistan, Turkey, Egypt, Jamaica, Sudan, Honduras and Oman. *Mainichi* says editorially, with good reason, that when the Japanese leaders speak of the need to promote cooperation between the developing countries and the free world, they primarily have in view nations which are "in the forefront of conflicts in Southeast Asia and other regions of the world. In other words, this is but a strategic assistance of opposing communism, given to the states involved in serious conflicts, and it may even further aggravate tension in those regions".<sup>17</sup>

Political analysts pointed to some specifics and underpinnings of Suzuki's zeal in Ottawa.

Prior to the summit, Reagan and Suzuki had agreed on coordinating their activities on a number of issues. Support for the American global strategy became a principal line adhered to by the Japanese leaders at the subsequent summits.

Japanese observers believe that the anti-Soviet overtones in Suzuki's speeches and his explicit desire to "play up" to the US administration in this field stemmed largely from Japan's economic problems, from an attempt to ward off, or at least soften the Western countries' criticism of the "aggressive methods" of Japan's trade policy.<sup>18</sup>

The performance of Japan's Premier in Ottawa highlighted yet another "specific feature" in the behaviour of the Japanese political leaders. An *Asahi* political observer formulated it in the following way: "When the words and actions of the one responsible for foreign policy keep wavering, it is difficult to win the trust of other nations."<sup>19</sup> Specifically, when talking with American leaders, Suzuki emphasised allied relations with the United States, whereas when touring some European countries he stressed the importance of relations with Western Europe and "hin-

<sup>15</sup> *Kokusai mondai shiryo*, 1981, No. 6, p. 42.

<sup>16</sup> In *Mainichi Daily News*, July 22, 1981.

<sup>17</sup> *Mainichi shimbun*, May 8, 1984.

<sup>18</sup> *Ibid.*, July 22, 1981.

<sup>19</sup> *Asahi Evening News*, July 20, 1981.

ted" at his intention to reconsider the policy of dependence on the United States. Recalling these facts, the *Asahi* observer wrote: "No matter what kind of statement they make at the summit, the leaders will look at Suzuki and Sonoda with eyes which say, 'They'll probably change their statements again'." <sup>20</sup>

The dual and contradictory behaviour of Japanese leaders is largely explained by home policy factors, such as the fear that bellicose utterances abroad would evoke sharp criticisms on the part of the broad public and the opposition parties who, with good reason, believed that the Japanese ruling quarters' desire to enhance their country's international status would result in growing nationalism and imperial ambitions.

At the Versailles Big Seven summit in June 1982, the Japanese "initiatives" were also coordinated with the US administration beforehand and aligned with Washington's global strategy.

Suzuki and Reagan had a preliminary talk and the US President expressed satisfaction with the measures the Japanese government had taken to strengthen Japan's "defence capability". <sup>21</sup> Reagan assured the Japanese Premier that his administration understood Japan's fears and would take them into consideration during the talks with the USSR. He also expressed his approval of Tokyo's policies toward China. Suzuki, on his part, stressed that friendly relations with China were as important for Japan as its cooperation with ASEAN countries. Thus, Japanese-Chinese relations came to be considered an important aspect of the global policy of the Western community.

Economic problems loomed large at the Suzuki-Reagan meeting. Both leaders declared their support for the free trade system, which was interpreted by observers as a joint criticism of possible protectionist measures on the part of West European countries. <sup>22</sup>

The Versailles meeting was held at a time when attempts were being undertaken to overcome the industrial slump in the United States and Western Europe, which had resulted in growing unemployment and high inflation rates. Japan's economic performance had been more impressive, for which reason Premier Suzuki set forth some proposals which were to demonstrate Japan's intention to actively participate in the stabilisation of the world economic system. Some of them were incorporated into the final documents of the Versailles summit.

Also discussed at Versailles were the trade and economic contradictions between Japan, on the one hand, and the United States and Western Europe, on the other. To evade criticism on the part of the Western powers, the Japanese government had declared, one week before the summit, its decision to liberalise the import of some commodities, including computers and nuclear reactors. The summit participants rated these measures as a "step in the right direction", yet they demanded that Japan undertake further steps to expand marketing opportunities for US and West European commodities in Japan. <sup>23</sup> Japan's Premier backed up the American demand that a financial variant of COCOM be established—something like a special organisation which would impose restrictions on credits to the USSR and other socialist countries.

The Williamsburg summit in May 1983 demonstrated qualitative changes in the approach of the Japanese conservative circles to today's global problems. Premier Yasuhiro Nakasone actually performed two roles at the meeting: first, as the most consistent advocate and conductor of the anti-Soviet military strategy of the US administration, and

<sup>20</sup> *Ibidem.*

<sup>21</sup> *The Daily Yomiuri*, June 3, 1982.

<sup>22</sup> *Ibidem.*

<sup>23</sup> See BIKI, July 17, 1982.

second, as the sponsor of the concept of the indivisible defence of the "Western world" and Japan.

Political observers emphasised that it was the Japanese Prime-Minister who set the fashion, as it were, when discussing both political and military problems. He demanded that the West European leaders offer open support for the US global strategy. "The Japanese Premier sounded even tougher than the President of the United States or the conservative leaders of Western Europe."<sup>24</sup>

Just as the previous summits, the Williamsburg meeting was also preceded by a Nakasone-Reagan talks. The Japanese Premier promised the US President that he would back up the US position at the summit.

Japan's Premier was the most vocal supporter of the American plans to station medium-range missiles in Europe. He said that the new US missiles had to be deployed in Western Europe in keeping with NATO's schedule even if this would result in a break-off at the Soviet-US Geneva talks.<sup>25</sup>

When asked by Margaret Thatcher what he would expect most from the Big Seven meeting at Williamsburg, Premier Nakasone answered: "A stronger position for President Reagan at the talks with Moscow". Characteristically, even the conservative British Premier was shocked by the bellicosity of her Japanese counterpart. "Is the problem of missile deployment in Europe really so important for Japan?" she queried.<sup>26</sup>

Japanese newspapers wrote at that time that this problem was not so simple for West European politicians as it was for Nakasone. They recalled that 70 per cent of the population in West Germany opposed the deployment of American missiles and that Bonn's policy in this question was far from being fully compliant with the Reagan administration's course of power confrontation.

Having signed the Political Declaration on Security Problems together with the other participants in the Williamsburg meeting, Nakasone actually declared the beginning of a new important stage in Japan's foreign policy—"cooperation in implementing NATO's strategy".<sup>27</sup>

The declaration said that the defence of the West and Japan was indivisible and this should be a guiding principle in negotiations with the USSR. The document also stressed the need to build up the military potential of the Big Seven and back up the nuclear strategy of the US administration.

An *Asahi* editorial said: "What we feared most has happened: the Prime-Minister has signed, together with the other participants at the Williamsburg meeting, a declaration on nuclear weapons. Japan has thus actually declared its full cooperation in carrying through NATO's strategy."<sup>28</sup> Japanese political analysts emphasised that the declaration of cooperation with NATO actually renounces the three "non-nuclear principles" and is a violation of Article 9 of the Constitution which prohibits Japan's participation in a system of collective security.

In a bid to explain the reasons behind Premier Nakasone's "tough" position at the Williamsburg summit, Japanese observers referred to strong pressure from Washington which demanded that Tokyo "openly and explicitly support the American global strategy".<sup>29</sup> No doubt, US pressure did affect the Japanese Premier's position. There is also no doubt that the seeds fell on fertile soil. As *Yomiuri* wrote, "Nakasone's

<sup>24</sup> *Yomiuri*, May 30, 1983.

<sup>25</sup> *Ibidem*.

<sup>26</sup> *Mainichi*, May 30, 1983.

<sup>27</sup> *Asahi*, May 30, 1983.

<sup>28</sup> *Ibidem*.

<sup>29</sup> *Ibidem*.



declaration at Williamsburg was based on the position of the Foreign Ministry and of the whole government".<sup>30</sup>

The "prestige" factor also had some effect on the Japanese Premier's behaviour. Thus, *Mainichi* wrote: "Nakasone makes no secret of the fact that he wants to be a world-class leader and he goes out of his way to demonstrate the determination and toughness of his diplomacy."<sup>31</sup>

Similarly to the previous summit meetings, Japanese leaders believed that their resolute support for the Western military-political strategy would soften the West's criticism of Japan as regards the import of farm produce and industrial goods as well as for the growing trade imbalance in favour of Japan.<sup>32</sup> Their joint efforts were materialised by the inclusion in the final communique of a provision concerning the need to restrict the policy of protectionism in world trade.

All the opposition parties sharply criticised the stand taken by Nakasone at the Williamsburg summit. The leadership of the Socialist Party of Japan stated that it was absurd for the Premier of a country which had been the victim of the atomic bomb to take such a stand. A Komeito statement emphasised that adherence to Reagan's global strategy would lead to a confrontation with the USSR and a loss of diplomatic independence.

The next Big Seven meeting was held in London in June 1984. That was a period when a new round of the arms race was being launched by the US administration. Social tensions in most of the European countries had increased and crisis situations in various regions of the world were aggravated. The participants decided to demonstrate the "unity" and commonness of interests of the main capitalist centres.

Again, as in the previous summits, the coordination of Japanese and US positions was the most important aspect of the Japanese Premier's activities. At their preliminary meeting, Nakasone and Reagan agreed on a common strategy in a new stage of the multilateral trade talks. The United States and Japan decided to launch a joint attack on the trade barriers erected by the Common Market countries in an attempt to protect their economies.

The United States and Japan shared a common view on most of the problems discussed at the London meeting, which gave ground for political analysts to refer to a secret deal between Nakasone and Reagan who agreed on the role to play at the Big Seven meeting.

*Asahi* wrote: "At the London meeting, the US-Japanese bloc annoyed the leaders of the West European countries."<sup>33</sup>

The home policy factor largely affected the Japanese Premier's stand in London. Moreover, this should be viewed in the context of the presidential election camouflage in the United States. Reagan badly needed a "peace-maker" image to win votes, and the London summit played not an insignificant role in that. Since Washington began making peace declarations, Tokyo also decided that it was not an appropriate time to be "hawkish".

The London meeting clearly revealed the Japanese ruling quarters' bid to pose within the trilateral system as the "only Asian economic superpower". This was stated by Nakasone at his press-conference aboard the plane heading for London. He called upon the participants in the forthcoming meeting to pursue economic policies with due account of the "interests of the poor, primarily ASEAN, countries".

<sup>30</sup> *Yomiuri*, May 31, 1983.

<sup>31</sup> *Mainichi*, May 30, 1983.

<sup>32</sup> In 1982, the United States and Western Europe had unfavourable trade balances with Japan amounting to \$ 12,651 and \$ 11,464 million, respectively.

<sup>33</sup> *Asahi*, June 10, 1984.

Political observers noted in this connection that at their preliminary meeting Nakasone and Reagan had agreed to "coordinate their efforts in aiding the Third World". Akahata viewed this fact as "Washington's intention to give over to Tokyo a considerable share of the political and economic functions for maintaining imperialist influence in Asia".<sup>34</sup>

At the London summit, Japanese diplomacy decided to demonstrate its ability to play the role of "mediator" in conflict situations, so as to enhance Japan's reputation as a world power. In a *Yomiuri* interview, Foreign Minister Shintaro Abe said that Nakasone's speech concerning the Iran-Iraq conflict had attracted the attention of the summit participants. In his words, it was Japan which had made a decisive contribution to formulating the joint statement on that problem. It was also Japan who had insisted on the statement being balanced and neutral, although most of the participants had demanded that the document censure Teheran as the "main culprit in the war".

Nakasone backed up, in principle, Reagan's proposal that the leading capitalist countries should all simultaneously saturate the world market with the necessary amount of oil from their strategic reserves in case of the imposition of a blockade on the Persian Gulf. The plan was opposed, however, by the European leaders who, with good reason, feared that Washington was aiming to ward off a new energy crisis at their expense, a crisis which could considerably trim down Reagan's chances to be re-elected.

The London meeting revealed, just like the previous summits, two trends characteristic of the trilateral system as a whole: on the one hand, their participants seek to achieve a common approach to the most urgent problems of the capitalist world, and, on the other, they strive to consolidate the position of their home monopoly capital at the expense of their partners.

At the Big Seven meeting in Bonn in early May 1985, the US administration attempted to involve its European allies and Japan in the so-called Strategic Defence Initiative (SDI). The European leaders were not enthusiastic about the project, while the French President proposed that a joint European programme of using high technology should be worked out instead.

In this complex situation, which was not exactly conducive to the realisation of Washington's plans, the US administration pinned its hopes on its Japanese ally. At their preliminary meeting in Bonn, Reagan urged Nakasone to join the US research programme to develop an anti-missile system partially based in outer space. Japan's Premier found himself in a rather precarious situation. He could not shut his eyes to the adverse reaction of the Japanese public to the American Star Wars plan. On the eve of the Bonn meeting, *Mainichi*, one of most influential Japanese papers, called on Nakasone "not to turn the summit into a 'political show' and keep the promise given to the opposition parties to exert every possible effort to make it a meeting 'for peace and nuclear disarmament'". The newspaper warned that the "Japanese government should treat the Strategic Defence Initiative with special caution".<sup>35</sup>

At his meeting with Reagan, Nakasone expressed understanding as regards the American programme, saying that it was an "inalienable element of the strategy of ensuring Western security". He advanced a thesis that research in this field is "morally justifiable" and said that Japan would continue studying the question of its participation in the SDI.<sup>36</sup>

But Japan's practical steps in this field and its performance in Bonn showed that, in fact, the Japanese government had already taken the

<sup>34</sup> See Akahata, June 11, 1984; *Asahi*, June 11, 1984.

<sup>35</sup> *Mainichi*, April 30, 1985.

<sup>36</sup> *Ibid.*, May 3, 1985.

decision to participate in the Star Wars programme. Even before leaving for Bonn, Nakasone referred in Parliament to the "possibility of technological cooperation" with Washington in developing space weapons, thus causing indignation on the part of the opposition and the public at large.

The Japanese press noted that Nakasone had once again attempted to act as mediator in settling disputes between the United States and France in order to "maintain close ties with Reagan".<sup>37</sup>

The *Sankei* newspaper wrote that the Japanese Premier had actually backed up the American programme as a "means of the US anti-Soviet strategy".<sup>38</sup> *Akahata* referred to Nakasone's position as unworthy of the Prime-Minister of a state which had experienced the horror of atomic bombings.<sup>39</sup>

The participants in the Bonn meeting discussed at length the problem of "old" and "new" protectionism. They noted that the "new" protectionism involving various indirect and at times concealed restrictions is even more dangerous for international trade than the "old" one with its high import and customs tariffs. The European countries criticised this kind of protectionism on the part of Japan which simultaneously intensifies its expansion on the world market.

The final communique adopted in Bonn referred to the participants' adherence to the free trade principles and determination to fight protectionism, inflation and unemployment. Yet the opening of new negotiations within the framework of GATT, which Japan had pressed so hard for, remained an unsettled issue. The vigorous activity of the Japanese side in Bonn brought no tangible results.

Japan's activities within the Trilateral Commission are characterised, above all, by the Japanese ruling quarters' wish to raise their country's status within the hierarchy of the imperialist powers and to have a say in formulating the capitalist world's global strategy.

Japanese leaders are using the mechanism of the trilateral system to soften the Western countries' criticism as regards Japan's economic expansion on their markets, which has resulted in a substantial imbalance in their trade. The Japanese side was particularly active in defending the "free trade" principle, taking advantage of some differences on that issue between the United States and Western Europe.

Japanese diplomacy regards the trilateral system as an important factor in strengthening Japan's influence on the developing countries, primarily in Asia. The attempts by Japanese leaders to speak at the summits on behalf of the Asian countries and the attention they give to Japan's mediatory role in crisis situations in various regions of the world should be viewed in this context.

The coordination of their approach to today's global problems with the United States and their support for the anti-Soviet strategy of the US administration are a prevailing trend in the activities of the Japanese representatives in the trilateral system. This line is dictated both by immediate objectives and by value priorities of Japan's conservative leaders who, in contrast to European leaders, have never displayed a special interest in the process of detente and approached international problems mostly from the viewpoint of the balance of forces between the United States and the Soviet Union.

The activities of the Japanese representatives in the trilateral system show that Japan's "global" role in international contacts is still confined to the framework of the Japanese-American military-political alliance.

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<sup>37</sup> *Tokyo shimbun*, May 1, 1985.

<sup>38</sup> *Sankei shimbun*, May 3, 1985.

<sup>39</sup> *Akahata*, May 3, 1985.

U.S. SCHOLAR ON U.S.-JAPAN LINK, CREATION OF PACIFIC COMMUNITY

Moscow PROBLEMY DALNEGO VOSTOKA in Russian No 1, Jan-Mar 86 (signed to press 12 Feb 86) pp 60-72

[Article by Roy Kim: "Pacific Community: Myth or Reality?"]

[Text] The creation of a Pacific Community has recently been discussed extensively by Western official and academic groups. The plans for the creation of the Pacific Community have already been analyzed several times in PROBLEMY DALNEGO VOSTOKA. Ruling circles in the United States and Japan apparently want to use the "community" as a basis for the organization of a confined military, political and economic bloc with the aim of maximizing their influence in this vast part of the world, against the interests of the socialist and developing countries. Although Washington and Tokyo are moving in this direction together, they nevertheless distrust one another because of their personal hegemonic plans for the region. American-Japanese conflicts over the creation of the Pacific Community are the subject of the following essay by American political scientist Roy Kim. It must be said that he adheres completely to the typical views of bourgeois political scientists on an entire series of international issues (the arms race in the United States, the militarization of Japan under the cover of the myth of the "Soviet threat" and so forth).

The Pacific age is dawning. Today the zone of the Pacific Ocean, the largest of the world's oceans, is the location of most of the earth's human and natural resources. In economic terms, this is one of the world's most dynamically developing and flourishing regions. In addition, however, the region is marked by problems and conflicts rooted in the past and the present, and collective efforts will be needed to eliminate existing contradictions.

What are the problems and prospects of the realization of English historian A. Toynbee's belief that the 21st century will be the Pacific century? The engineers of the Pacific Community plan are known to have assumed that the unification of the western Pacific economies and the North American economies

would benefit all by the international division of labor. The initially proposed members of the Pacific Community were to be five developed countries (Australia, Canada, Japan, New Zealand and the United States), five ASEAN countries (Indonesia, Malaysia, the Philippines, Singapore and Thailand), South Korea, Hong Kong and Taiwan. It was assumed that independent Pacific states (Papua New Guinea, Fiji and Tonga) would also become members of the community in the future.

Of course, there were some inconsistencies in the original plan. First of all, if the association was to be called "Pacific," then what about the Latin American countries with a Pacific coastline? Apparently, the engineers of the plan regarded this as an unimportant detail, mainly because of these countries' negligible foreign trade volume. Will they be part of the projected community in the future or will they remain outside it simply because they are underdeveloped? Another important matter concerns the community's interaction with the free market system. This gives rise to membership problems, especially for the countries in the region with a socialist economy: the DPRK, PRC, SRV and, most importantly, the USSR. Therefore, the question is essentially one of whether or not the Pacific socialist countries will be excluded from the community because of their different economic systems.

In addition to these two inconsistencies, there are serious economic and political problems and problems of security in the Pacific. Some of them are new, but most are old, such as the continued division of China and Korea, the friction in China's relations with Vietnam and Cambodia, the unrest in the Philippines, the continued tension in Soviet-Chinese relations and, last but not least, the friction in Soviet-American relations, which will certainly influence the possibility of the creation of the Pacific Community.

In the Atlantic, relations between the NATO and Warsaw Pact countries have been relatively stable for over 30 years. As far as the Pacific is concerned, the postwar years here have been marked by periodic major changes. Now, however, Japan, the PRC, the Soviet Union and the United States are facing a problem: How far can they go in forming a coalition to restrict the influence of adversaries and their allies? In other words, can a stable balance in their relations be achieved or will their constant conflicts lead to confrontation? There is no question that all of this will influence the prospects for the creation of the Pacific Community.

The Pacific mainly consists of four overlapping triangles: 1) Beijing-Tokyo-Washington, 2) Beijing-Moscow-Washington, 3) Beijing-Moscow-Tokyo and 4) Moscow-Tokyo-Washington. The limited length of this article precludes the complete analysis of all four triangles. I would just like to say that the Beijing-Tokyo-Washington triangle seems to be in the most satisfactory state, while the Beijing-Moscow-Washington triangle is the most conflict-ridden one. There is no doubt that the Japan-U.S. link is the most important of the bilateral relationships, while the tense relations between the USSR and the United States create the most difficulties for the Pacific Community. Bearing this in mind, let us thoroughly analyze Japanese-American relations as the decisive, key factor in the possible creation of the Pacific Community.

It is a fact that bilateral Japanese-U.S. relations are a necessary link of the Pacific Community. They offer many mutual political and economic advantages and the potential for international cooperation with the aim of a more stable international atmosphere. The United States and Japan have the strongest economies in the world and are the main producers in the sphere of the latest technology, on which rapid economic development and success will probably depend in the near future. Today, on the threshold of the 21st century, the United States and Japan would seem to be the most important economic rivals or partners in the world. If the current friction in their economic competition leads to protectionist measures, Japan and the United States will not be the only ones to suffer; this friction will most certainly have an adverse effect on the world economy as a whole, including economic conditions in the Pacific. In essence, there are two main reasons for the economic friction between the United States and Japan: the growing U.S. deficit in trade with Japan and Washington's insistence on an increase in Japanese defense spending. The possibility of creating the community will therefore depend on the solutions chosen for these two difficult problems.

The uncertainty of the situation is probably the result of fundamental changes in American-Japanese relations. The postwar Japanese concept of dependence on the United States appears to have been discarded. Japan's complete dependence on the United States once led to statements like the following: "When Washington catches a cold, Japan comes down with pneumonia." The present situation, however, is such that if the Japanese economy "catches a cold," the American economy will probably get sick too.

#### Japanese-American Economic Relations

In historical terms, postwar American-Japanese economic relations have gone through three main stages: American military and economic superiority to Japan (before the return of Okinawa in 1972); comparative political and economic cooperation (before the events in Afghanistan in 1979), agreed to reluctantly by Japan; open competition, if not conflict, in trade, investment and production on the global scale.

What gives rise to conflict in American-Japanese trade? Researchers who studied five areas (the steel and automotive industries, agricultural production, telecommunications equipment and the coordination of macroeconomic policy) discovered four main reasons.

Above all, there is the colossal growth of bilateral trade and the conflict-escalating changes in its structure. In the last 20 years there was a five-fold increase in American exports to Japan and a sevenfold increase in U.S. imports. The rate of increase was far in excess of the rate of overall production growth in the United States. The balance of trade also changed dramatically: After 1964 the constant positive U.S. balance gave way to a growing deficit, which reached a record high of 20 billion dollars in 1983. The structure of Japanese exports naturally underwent considerable changes. Today Japan mainly exports high technology products to the United States, instead of textiles as in the 1960's, while agricultural products and raw materials are still predominant in American exports to Japan. In other

words, the products Japan sends to the United States are present there in sufficient quantities, but they differ in price and quality from the products of competing American firms. From the purely economic standpoint, a deficit in bilateral trade is not too dangerous if the country's foreign trade as a whole is balanced, at least approximately. The political realities of the soaring rate of unemployment in the United States and the colossal federal budget deficit cannot, however, be ignored.

As a result, the U.S. Government has taken measures to guard the American market against the influx of Japanese goods. The protectionist measures have been expanded considerably under the Reagan Administration. They now cover 35 percent of the goods produced--motor vehicles, textiles, cast iron, steel alloys and motorcycles. Furthermore, the export of American commercial timber from public lands and oil and gas from Alaska to Japan is prohibited by law mainly because of U.S. "special interests." In other words, it is not true that American-Japanese trade is based on the principles of "free trade" and it is most probable that it will be complicated even more by mounting mutual friction.

The second cause of conflict in American-Japanese trade is the erosion of the postwar international system. At the height of the cold war, the United States had a strong and healthy economy and was too generous to Japan and its other Western industrial allies. At a time of anticommunist crusades, the United States not only presented Japanese goods with a relatively open market, but also effectively allowed Japan to seriously limit the import and exchange of goods, services and capital. The relative decline of the macroeconomic position of the United States during the period of detente, however, was accompanied by the continued economic growth of Japan, its deeper penetration of the American market and its stricter control of its economy, frequently to spite Washington.

The third contributing factor in the American-Japanese trade conflict is the difference between the national economic mechanisms and policies of the two countries. It is a well-known fact that the U.S. Government is bound by antitrust legislation and has traditionally served as an arbiter for the purpose of maintaining competition in the national and international arenas within the framework of free trade. In contrast to the United States, Japan concentrated on developing its trade expansion in the world. The highest U.S. body making decisions in the sphere of trade, the Office of the President's Special Trade Representative, cannot compete with the Japanese Ministry of International Trade and Industry. The American office of the trade representative was not only unable to formulate a precise long-range trade policy, but even failed in the attempt to mediate the resolution of a bureaucratic conflict among various executive agencies--the departments of agriculture, commerce, defense, treasury and state--over important trade issues (the embargo on sales of grain, pipelines and technology transfers).

The last cause of the American-Japanese trade conflict stems from differences of perception. As mentioned above, the view of Japan as a weak Asian protege is still common in the United States, and some people in Japan are inclined to believe that their country is dependent on the United States. Of course,

both of these beliefs have nothing in common with present economic realities. Some Americans simply cannot accept the possibility of being beaten by their Japanese client in open competition and they are therefore inclined to automatically suspect Japan of unfair competition. The Japanese are irritated by this American attitude and assume that they are being condemned for their industrious and efficient labor and for their adherence to what Professor M. Morisama called the "Japanese Confucian work ethic."

An analysis of these basic causes of American-Japanese trade friction does not reveal any promising prospects at this time. These problems are unavoidable and will have a negative effect on the possibility of the creation of a Pacific Community because they have displayed a tendency toward both horizontal and vertical proliferation and intensification.

In an attempt to solve these bilateral problems, the Japanese made two important changes in their trade policy: They agreed to voluntary reductions in exports to the United States and to mergers with American enterprises experiencing difficulty. It would be difficult to even imagine the possible direct or indirect effects of these two changes in Japanese trade on the future of the Pacific Community. At the present time, however, they seem to be having a somewhat calming effect on emotions in American-Japanese relations.

In the fear that the U.S. Congress might be pressured by the American administration to take protectionist measures, Japanese automobile corporations set their own export quotas. In 1984, for example, Japan exported only 1.85 million passenger cars to the United States, although this represented an increase of 170,000 in the quota for 1983. According to some reports, Japan tried unsuccessfully to set a quota of 1.9 million on vehicle exports to the United States, while the United States tried to lower it to 1.8 million. In July 1984, the U.S. International Trade Commission recommended, by a vote of three to two, that quotas be set for 5 years on steel imports and that additional tariffs be instituted to help the troubled U.S. steel industry. Predictably, Japanese steel companies pointedly criticized this decision.

Another area of Japanese economic policy is direct capital investment in the United States. Japanese investments were initially encouraged by U.S. union leaders and businessmen to reduce the American deficit in trade with Japan and infiltrated American shores for more than a decade. Now the United States is the main object of Japanese capital investment abroad, accounting for 24.7 percent of all Japanese overseas investments in 1982. The United States is Japan's largest sales market and is of such vital importance to Japan that it could no longer exist without this market. Japan is transferring from a policy of simple exports to the manufacture of goods in the United States itself in order to stabilize the American market. From the Japanese standpoint, this is happening at the best possible time: More than 20 obviously protectionist bills on interrelations in trade and a bill on local government profit-sharing have been submitted to the U.S. Congress.

What has Washington's reaction been? In 1983 President Reagan made a statement in which he applauded foreign, including Japanese, direct capital investment in the United States solely for economic purposes. Economic considerations



are rarely the sole aim of investment, however. In April 1984 Director W. Casey of the CIA called the high level of Japanese capital participation in American computer production a "Trojan horse." He warned that excessive dependence on Japanese technology could undermine the United States' leading position in this field. It is true that the long-range economic, strategic and political consequences of Japan's increasing participation in the American economy are difficult to predict: Will it lead to an outburst of nationalist protectionist feelings within the United States or will it promote the closer economic international division of labor between the United States and Japan and thereby make a positive contribution to the creation of the Pacific Community? Now that Japan has invested 10.5 billion dollars in American business, it ranks fourth among foreign investors in the United States and is surpassed only slightly by Canada. The amount Japan has invested is much larger than the 8 billion dollars the United States has invested in the Japanese economy.

There have been different reactions to this in the United States. For labor leaders the most important consideration is the ability of Japanese investments to save jobs. Members of the business community are still disturbed by the threat Japanese rivals pose to trade in the domestic market. Economists are concerned about longer-range consequences, primarily because the American economy could lose capital if Japan should begin exporting the profits from its American investments. The Japanese have not done this on a large scale to date. In general, however, the increase in Japanese capital investments in the American economy has been applauded. Local government agencies have frequently come into conflict with the federal administration as a result of their attempts to attract Japanese investments to their own territory. In addition, there are those who view Japanese capital investment as a potential trap, wary of the concentration of power in the hands of the growing substratum of individuals dependent on Japanese capital.

Japanese capital investments are not an absolutely new phenomenon in the United States. The Sony assembly line in San Diego, which has been operating for 12 years now, had produced 5 million television sets by May 1984. The Matsushita Quasar Company's television plant in a suburb of Chicago celebrated its 10th anniversary in 1984. In February 1983 Toyota and General Motors announced a joint enterprise with 230 million dollars in capital for the production of compact cars at an unused plant in Fremont. In April 1984 Nippon Kokkan announced that an agreement had been reached on the purchase of 50 percent of the stock in the National Steel Corporation for 292 million dollars. What is new is the sudden increase in the size of Japanese capital investments in the United States. Aggressive Japanese companies have recently tried to bypass stricter import controls, which are interfering with the sale of their goods in the United States, by investing their accumulated yen, frequently at a lower exchange rate, in American business.

Japanese direct capital investments are also related to U.S. security considerations. The desire to protect American technology, particularly that connected with security considerations, is frequently stated as a reason to control Japanese capital investments. This was already being said in 1978, when the American Boeing company took on Italian and Japanese (a consortium

including the Fuji, Kawasaki and Mitsubishi companies) partners for the construction of the wide-body Boeing-767 plane. Fuselage panels were manufactured in Tokyo and then sent to Seattle for installation. "If they want to build their own commercial plane, they can do it without our help," a Boeing spokesman asserted. This agreement, he said, allowed Boeing to divide the cost among all partners and reduce the risk. As far as the next generation of its planes were concerned, Boeing offered its partners 25 percent of the profits instead of the previous 15 percent. Director W. Casey of the CIA expressed serious worries about the agreements on cooperation between, for example, Hitachi and National Semiconductor or Amdal and Fujitsu, in accordance with which the American companies producing computers are wholly dependent on their Japanese partners for the design and production of components for the large multipurpose computers they sell. "We," Casey said, "regard this as a dangerous course both from the standpoint of national security and from the standpoint of trade policy."

In spite of the risk to national security, American business groups have usually welcomed Japanese capital investments. The acceptance of changes with dignity by American business is necessary and unavoidable. Leadership in the technological sphere appears to be just as characteristic a feature of the Japanese companies penetrating the United States as the managerial techniques that have aroused so much interest. Japanese companies are known to abhor excess manpower and interference in the labor conditions of their workers. It is probable that the Japanese will generally be tougher on workers than American managers.

The great strain in American-Japanese trade is a cause for concern throughout the Pacific basin. It is most probable that Japan will continue to earn a large profit from trade with the United States even if it eliminates all existing trade barriers in answer to U.S. demands. It is a well-known fact that Japan is poor in natural resources and depends on imported raw materials, especially oil and other types of mineral fuel. The foreign currency it needs to pay for oil must come from the export of other goods. If the United States decided to sell Japan enough oil from Alaska, the imbalance in bilateral trade would be reduced considerably.

It is common opinion, especially in the United States, that Japanese trade policy is to blame for the American trade deficit. Japan has maintained several non-tariff barriers in the import sphere, and this is one source of conflict with the United States. They include import quotas on some agricultural products, especially meat and citrus fruits. Although Japan is the largest purchaser of American agricultural products, the United States is still having difficulty penetrating the Japanese market. From the economic standpoint, it would certainly be in Japan's interest to lower agricultural import barriers, because importing these goods would cost much less than their domestic production and would naturally improve relations with the United States.

From Tokyo's point of view, however, there are geographic, historical, cultural and political reasons for the maintenance of agricultural protectionism. They are the limited quantity of arable land on the mountainous archipelago; the program of land redistribution conducted by American occupation authorities

and prohibiting the ownership of large plots of land; the traditional preference for small-scale farming by a single family; and, what is most important, the existence of an agricultural lobby representing the main source of support for the ruling Liberal Democratic Party (LDP). The political strength of Japanese farmers stems from the fact that the majority of members of parliament represent rural regions because the postwar urbanization of Japan did not lead to the reapportionment of electoral districts. As a result, there are four or five times as many voters per parliamentary seat in some urban districts as in rural zones.

Since 1955 most of the members of the ruling LDP have come from conservative agricultural regions. In view of this political reality, it is certainly not surprising that the agricultural subsidies paid to farmers are quite substantial. At the end of the fiscal year in March 1981, for example, they totaled 10.4 billion dollars, or 54 percent of Japan's entire agricultural income for the year. The LDP members who defend agricultural protectionism are the most pro-American politicians and firm supporters of increased military spending--a goal sought by the United States, which wants to share the burden of global military expenditures with others. Purchases of American agricultural products also give rise to many other problems in Japan. In view of the fact that it covers less than 50 percent of its own demand for food, it is naturally concerned about ways of guaranteeing its security. Japan is the largest purchaser of American agricultural products, and this provided the United States with 5.6 billion dollars in 1982. Nevertheless, the Japanese have good reason to worry about America's reliability. They can still remember the U.S. embargo on exports of soybeans, an important part of the Japanese diet, under the Nixon Administration in 1973.

Another reason for Tokyo's anxiety is the law prohibiting the sale of Alaskan oil to Japan, primarily in connection with American domestic political considerations. The lifting of the ban on exports of Alaskan oil to Japan is being opposed, despite its obvious economic advantages, by various groups representing the American merchant marine, especially the Seafarers Union. In a supplementary report to the U.S. President and the prime minister of Japan in October 1981, the Japanese-American Group on Economic Relations recommended the preparation of a detailed analysis by the American Government of the reasons for the "ban on exports of Alaskan oil and the consequences of its cancellation." This economically justified but politically difficult move was debated several times when Prime Minister Y. Nakasone visited the United States in January 1983. The American ban, however, has still not been lifted.

How can the friction in American-Japanese trade be eradicated? S. Okita, former Japanese foreign minister, called the U.S. trade deficit a natural attribute of the free market system. Japan, he said, cannot be blamed for the weaknesses of American domestic production. It is also not true that American goods have limited access to the Japanese market. Import quotas and non-tariff barriers are more liberal in Japan than in the EEC countries. The real problems, S. Okita said, stem from the high interest rates, inflation and overstated value of the dollar in the United States. These factors have enhanced the competitive potential of Japanese export goods and complicated American exports. Trade conflicts, in his opinion, require joint resolution,

and not mutual accusations. People in the United States are willing to admit that the reason for the declining exchange rate of the yen in relation to the dollar was the flow of capital from Japan to the United States, at least after 1980. High interest rates in America were the main reason for this flow of capital. There is also the opinion, however, that Japanese restrictions also influence the international flow of capital.

Differences in the sphere of trade naturally give rise to political tension. As the Japanese-American Group on Economic Relations noted in its report in January 1981, bilateral economic disagreements have an increasingly adverse effect on Japanese-U.S. cooperation in non-economic and economic fields as they become "increasingly obvious and acute." These disagreements can easily snowball by physically and emotionally exhausting American and Japanese officials in frequent and lengthy meetings with no satisfactory results. Furthermore, trade conflicts have a protracted adverse effect on Japanese-American relations. In view of this, can the United States and Japan become the leaders in the creation of the Pacific Community? Before we answer this question, we should briefly discuss American-Japanese relations in the sphere of security.

#### American-Japanese Relations in the Security Sphere

American-Japanese relations in the sphere of security are based neither on a common history nor on a common culture. In general, they are based primarily on the recognition of common interests. There seems to be a serious discrepancy between recognition and expectation in Japanese-American relations in the security sphere. The main threats to American-Japanese agreements in this sphere are Japan's vague interpretation of these relations and its reluctance to make commitments to the United States in the military sphere, especially in the Indian Ocean and Persian Gulf; Tokyo's concern about the instability and unpredictability of American foreign policy during the period following the war in Vietnam, when decisions affecting Japan were made unilaterally, without preliminary consultations; the nature of Japanese democracy and the possibility of the rise of extreme leftist pacifism or rightist radical militarism as a result of mounting public dissatisfaction with relations in the security sphere with the United States. The solutions Tokyo and Washington choose for these three main problems will unavoidably affect the prospects for the creation of the Pacific Community. In view of the changing American-Soviet global balance of power, especially in the Pacific zone (here the author repeats Washington's arguments about the Soviet Union's disruption of the balance of power in the world--Ed.), H. Okazaki, general director of the research and planning department of the Ministry of Foreign Affairs, believes that Japanese policy should be based on Japan's geostrategic importance to the United States and the Soviet Union. Japan, he asserts, could be a more important factor in the military balance between West and East than Europe or the Middle East, because its geographic features are more conducive to defense and its economy is strong. Furthermore, he believes that the Japanese public is beginning to realize the need for these political changes. For Japan, which was buried under radioactive ash, was humiliated by the American occupation and is now dealing with the uncertainty of its international surroundings, the issue of rearmament understandably became one of the main issues of the 1980's. Japan's decision on this matter will affect American-Japanese

bilateral relations and will also have a decisive effect on the prospects for the creation of the Pacific Community.

Today Japan is striving to safeguard its own security. This is largely a response to the increasing uncertainty of America's adherence to defense commitments and, above all, to Japan's increased vulnerability to external factors, especially in the Persian Gulf. In view of the fact that 65 percent of Japan's oil comes from the gulf, it is easy to understand why the escalation of the Iran-Iraq conflict makes Japan feel uncomfortable. A more serious consideration, however, is what Japan views as an increase in Soviet military strength in the Pacific Ocean. Although Japan regards the Soviet Union as the main source of danger, the magnitude of this danger and exactly what the "threat" constitutes are the subject of intense debates in Japanese political circles. Until recently Japan avoided viewing the Soviet Union as a "real" threat, speaking only of a "potential" threat, on the grounds that although the Soviet Union could attack Japan, it had no clear intention of doing so (the author repeats the myth of the Soviet threat, used by Tokyo as a cover for its policy of militarization--Ed.). Japanese politicians have recently asserted that the Soviet military threat is real and serious. When Prime Minister Z. Suzuki visited Washington in May 1981, he stated that Japan would strive, on its own initiative and in accordance with its constitution and its basic line in the sphere of defense, to enhance the defensive capabilities of Japan's territory and sea and air space for distances of up to 1,000 miles. Suzuki's successor, Y. Nakasone, spoke even more frankly when he visited Washington in 1983, referring to Japan's willingness to serve as an "unsinkable aircraft carrier" in the Pacific Ocean against the increased Soviet strength.

Although Japan's commitments were duly acknowledged in the United States, the two countries have fundamentally opposed geostrategic principles. Washington naturally views Japan and the American forward basing there within the context of global geostrategic considerations; Japan, on the other hand, tries to assess its own security from the standpoint of regional strategic prospects.

Although Japan agrees, at least verbally, with the need for a collective system of Western security, it is nevertheless striving not to give the Soviet Union any reason to regard it as a weak or threatening country and strives to maintain, in a firm but correct manner, relatively good relations with the USSR. If the global balance of power should undergo a definite shift in the Soviet Union's favor for some reason, Japan's desire to reconcile its interests with the interests of the USSR will be quite understandable. In any case, Japan has traditionally avoided "offending the mighty."

Japan's desire to safeguard its own security stems primarily from the complex development of the American-Japanese partnership in the sphere of defense. Although the obvious community of American-Japanese interests in the defense sphere still far outweighs their disagreements, the partnership seems to be undergoing profound changes, the results of which are much less clear than C. Weinberger's statements about the "defense partnership" imply. The global balance of power has undergone great changes. The positions of the United States and Japan in the system of international relations, the nature of their relations with one another and with other countries and the distinctive

features of their domestic policies have changed considerably since the 1950's. More and more influential groups in both countries now feel that the partnership leaves much to be desired. Despite the obvious efforts of both governments to maintain and reinforce the partnership under Nakasone and Reagan, it is possible that bilateral ties in the security sphere, which are reminiscent of the Anglo-Japanese alliance during and after World War I, could grow weaker and weaker and that the paths of the two countries could gradually diverge, even if this does not lead to a conflict.

The considerable difference between the views of W. Colby and W. Casey, the former and current directors of the CIA, could signal the beginning of this divergence. Colby expressed the fear that America's past leadership in the political and strategic affairs of the free world could be replaced by Japan's strong positions in the economic and social spheres, which would be the prevailing considerations in the future. He was concerned that the strength of the Japanese economy could allow the yen to take the dollar's place as the leading medium of international transactions in the financial world. Anticipating these events, Colby suggested that Japan and the United States work out a joint political structure and give their economies a completely free rein within this common structure instead of two separate political structures. As long as two separate political structures exist, he predicted, competition in the economic sphere will be reflected in politics and will give rise to the temptation to use political weapons to neutralize the partner's economic strength. Casey warned that excessive U.S. dependence on the latest Japanese technology would jeopardize national security and American trade.

In historical terms, Japanese-American postwar relations in the security sphere can be divided into three stages: the Yoshida strategy of the 1950's; the basic guidelines of the national defense program in 1976; the current military "realism" under Nakasone.

S. Yoshida, Japan's first prime minister after the occupation, advocated reliance on the United States in security matters after the defeat of 1945, but rejected the American demands for the rearmament of the country. Yoshida, who was known as the "Japanese Adenauer," regarded the American-Japanese security system, which he negotiated with J. Dulles in San Francisco in 1951, as no more than a necessary temporary alliance, as the unavoidable result of the defeat, the American occupation of Japan and the cold war. Yoshida felt that Japan, a small insular country, a country poor in natural resources and a country whose economic survival depended on imported raw materials and exports of finished goods, had no other alternative but to maintain friendly relations with the United States, which was then the strongest sea power in the world. Yoshida was certain, however, that favorable international conditions and dynamic leadership would return Japan to its rightful position as a great power. The San Francisco Treaty of 1951 was replaced by the 1960 treaty on bilateral cooperation and security. At that time the United States pledged to defend Japan, but Japan's consent was needed for the use of Japanese resources by American forces to defend the country or maintain international security in East Asia. Japan has no obligation to defend the United States, and this makes the 1960 treaty essentially unilateral.

The basic guidelines of the national defense program of 1976 lay at the basis of recent Japanese strategy. They mainly presupposed the existence of minimal peacetime forces in Japan, forces capable of repulsing small-scale aggression on the assumption of a nuclear balance between the superpowers. Certain developments viewed in Japan as the decline of American strength in the safeguarding of Pacific security, reflected in the Nixon Doctrine, the defeat in Vietnam and the subsequent relative decline of U.S. military superiority to the Soviet Union, aroused serious doubts about the reliability of American commitments to safeguard Japan's security.

No Japanese leader mentioned defense issues in his fundamental political statements until 1978, when T. Fukuda broke this tradition. Another unprecedented event was the official tour of the NATO countries by S. Kanemaru, head of the Japan Defense Agency (JDA). At that time the Japanese Government began to officially and publicly express serious doubts about the U.S. ability to safeguard Japan's security, asserting that the United States could no longer unilaterally guarantee the protection of its Western allies in view of the considerable increase in Soviet strength, which was in striking contrast to the earlier dominant position of the American Armed Forces. Kanemaru's successor, G. Yamashita, made the first postwar official trip to Seoul in June 1979 to discuss security issues. In October of the same year, Prime Minister M. Ohira set a precedent by agreeing to participate in U.S.-organized multinational naval maneuvers along with Canada, Australia, New Zealand and South Korea, beginning in March 1980 in Hawaii. A report submitted by the JDA Academy in July 1980 underscored the fact that the "Pax Americana" no longer existed and advised Japan to take independent action to avert the danger of war. In April 1982 Prime Minister Z. Suzuki announced that the USSR had achieved nuclear superiority to the United States. In September 1982, obviously under strong American pressure, Suzuki agreed to the American plan for the deployment of from 40 to 50 F-16 fighter planes on the base in Misawa.

Today, however, Prime Minister Y. Nakasone is conducting a policy of so-called "military realism." He advocates a stronger military alliance with the United States, particularly for the attainment of political and economic goals. Since the main U.S. military goals have moved to Europe and the Middle East, the "military realists" feel that the vulnerable region of northeastern Asia and the western Pacific should be defended by conventional arms. They regard closer American-Japanese cooperation in the defense sphere as confirmation of Japan's membership in the community of free and democratic nations. For this reason and others, Y. Nakasone visited Seoul in January 1983. This was the first time a Japanese prime minister had visited South Korea in 37 years.

This was applauded in Washington. At the economic summit meeting in Williamsburg in May 1983, Prime Minister Y. Nakasone underscored the indivisibility of the security of Western countries. As a result, the U.S.-Japan alliance is beginning to display a Japan with firmly defended and equal rights, rather than a submissive Japan with no rights. Although the majority of American policymakers, who have always pressured Japan to do more in the military sphere, should have applauded the position of the "realists" on the issue of security, they seem to be hesitant. Many people on both sides of the ocean are worried about the uncertain future of "military realism" and about

whether this strategy will be more acceptable to a larger state and more desirable within the country. It is clear that Japan's neighbors will be less tolerant of this program. Even the United States, which has urged the Japanese to rearm, does not seem very sure of what it wants from a rearmed Japan and seems even less sure of how it can influence the Japanese rearmament program.

It can be almost sure of the probability that Japanese strategy in the sphere of security will differ from American strategy. The main differences, as the earlier discussion demonstrated, are connected with different geopolitical positions and with differences in the historical, cultural and even ethnic heritage.

Despite the colossal potential of the Pacific Community, in view of the prevailing economic and strategic differences, it appears that A. Toynbee's prophecy will remain unfulfilled.

Let us summarize several salient points. Fundamental problems exist in connection with the membership of various countries of the region in the projected community, problems connected with geographic considerations and the type of economic system and also the problem of how they can be united. There is an obvious shortage of farsighted leadership on both sides of the Pacific Ocean. Furthermore, there is the undesirability and impossibility of sharing economic power--especially between the United States and Japan--on an equal basis for this kind of community. In fact, this is contrary to the interests of these two countries. The United States and Japan, the two main potential candidates for leadership in the Pacific Community, seem to give in too frequently to irrational human weaknesses--ambition, the striving for leadership, the striving to save face, illusions and self-deception--and this keeps them from facing reality and considering everything jointly to their mutual benefit. Since the motivating principle of their leaders is the desire to maintain their position by pleasing as many people as possible and offending as few as possible with a constant view to re-election, they can hardly be expected to put forth clear and long-range political programs. Most of the plans of past history, however, grand they might have been, were never carried out. What will happen with the Pacific Community? Only time will tell. The Pacific Community, therefore, is neither a myth nor a reality. It is still only a vision.

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'EXPORT MIRACLE' IN HONG KONG, TAIWAN, S. KOREA ASSESSED

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[Article by A. V. Bereznoy, candidate of economic sciences: "Behind the Facade of the 'Export Miracle'"]

The swell of exports of manufactured goods from Hongkong, Taiwan and South Korea in the past few years has been drawing the keen attention of economists. Western commentators have even dubbed it an "exports miracle". When the laws governing a phenomenon are hidden, the latter is usually described as a miracle. And indeed, Western economists have admitted being at a loss for an explanation of the "exports miracle". For instance, the American scholars G. Hicks and G. Redding, having made a survey of the major relevant works, state that the East Asian "miracle" has defied adequate explanation by [Western—A. B.] theorists.<sup>1</sup>

They have, nevertheless, been broadly advocating as a model for the rest of the developing world, the exports-oriented, so-called "open" pattern of development typical of those three territories in the Far East. The fact is that the Far Eastern Three have been the outposts of the transnational monopolistic corporations in the capitalist world, extensively used as proving grounds for testing the latest methods of neo-colonialist domination and expansion. Therefore, it is topical to reveal the true scope, machinery and consequences of the TNC control of the exports-oriented goods production in Hongkong, Taiwan and South Korea and the marketing of their goods.

EXPORTS-ORIENTED PRODUCTION CONTROLLED FROM OUTSIDE

Over the 1970s Hongkong, Taiwan and South Korea have come to lead the developing world both in the growth rates of manufactured goods exports (21.36 and 42 per cent respectively in the 1968-1979 period) and the volume of such exports. In 1980 they accounted, respectively, for 14, 18 and 15 per cent of manufactured goods exports from the provinces of the capitalist world, which means that by the beginning of the 1980s the three tiny Far Eastern territories, with a population making up less than 3 per cent of the developing world total, had accounted for about 50 per cent of developing world's manufactured goods exports (to the tune of \$57 billion in 1980).<sup>2</sup>

Moreover, the goods produced in Hongkong, Taiwan and South Korea were capturing ever broader markets in the major capitalist countries: their share in the US doubled in the 1969-1979 period (rising in the North American market from 4.5 per cent to 9.9 per cent), it almost tripled in Western Europe (from 0.8 to 1.9 per cent), and grew almost four-fold in Japan (from 4.7 to 17.3 per cent).<sup>3</sup>

<sup>1</sup> *Euro-Asia Business Review*, July 1983, p. 24.

<sup>2</sup> See *The Developing Economies*, December 1983, pp. 282, 313; *Trade and Development: a UNCTAD Review*, Winter 1982, p. 165.

<sup>3</sup> See *The Developing Economies*, December 1983, p. 286.

As impressive as these figures are, they fail, as figures do, to give a qualitatively true picture of the story, so to speak. In particular: who bosses the exports business, what channels are used for marketing the manufactured goods, what price is paid for this success by the producers, and how does all this affect the prospects for the stable and independent development of the economies of those territories.

If one delves into these questions, it does not take long to discover that the mainspring of Hongkong's, Taiwan's and South Korea's trade expansion has been due to the efforts of the transnationals of the industrialized capitalist states, which control the bulk of the exports of those territories.

Back in the 1960s the TNCs came by an idea which has since proved an absolute goldmine, that of shaping a new pattern of international capitalist division of labour by shifting some of the industries to the developing world.

The factors that particularly determined the choice of Hongkong, Taiwan and South Korea as the chief recipients were: their cheap, disciplined and comparatively skilled labour force, a rather developed production infrastructure, their proximity to major trade lanes, a "reliable" investment climate and a major role the local regimes assigned to exports in the economic policies.

Qualitative changes in the whole reproduction in world capitalist economy comprised another objective factor: the revolution in science and technology greatly enhanced international mobility of production resources, material and non-material alike; the virtual revolution in transportation, communications and information reduced the formerly dominant importance of placing production close to consumer; it became possible to separate regionally the formerly indivisible phases of the production process (R&D, manufacture and marketing), and also the phases in manufacture itself. Moreover, the significance of the manufacturing process has decreased, as now it can be split into very simple operations which enables the TNCs to transfer this process (some operations, or all of them) to developing countries with abundance of cheap labour. They do not run any risks, as they retain effective control of R&D and marketing, which guarantees them control of the entire production process. At the same time, the accelerated advance in technology changed the very notion of "modern production". Some industries, being rather mature or even old, fell out of the category of generators of progress and the imperialist states became interested in transferring them to developing countries. Similar processes can be seen on the intra-industry level, even within technologically dynamic industries producing, for instance, TV-sets and mini-calculators. Though they were considered advanced just 10 or 15 years ago, they have become obsolete and their manufacture burdensome to the economies of the industrialised capitalist countries; so they are also transferred to developing world.

The developing world, particularly the Far Eastern territories, have thus been allotted, under the "new" system of the international division of labour, the same old role of the provinces as before, only instead of supplying agrarian or raw materials they now supply industrial production.

M. Magallona, a Philippines Communist Party leader, noted that the old colonial setup which relied on the exchange of raw materials for manufactured goods has given way to technological dependence. Thus a national economy ceases to be a source of raw materials to a particular colonial state, it becomes a gear of the integrated production machine run by transnationals of the US, Japan or Western Europe.<sup>4</sup> This increases dependence and, correspondingly, exploitation.

The latter point is best illustrated by the practices in the so-called free

<sup>4</sup> See *Kommunist*, No. 15, 1984, p. 109.

export zones, of which, by the way, the Far Eastern territories were the first.

In such zones export-oriented production by branches of foreign corporations is exempt from all customs and most of the taxes; these branches have a free hand in exporting their profits as well, and enjoy extensive allowances in drawing loans and renting infrastructural facilities.

The TNCs are particularly attracted by the fact that the work hours are not limited in those zones, and in South Korea, for instance, there is a ban on strikes. The local regimes are only too eager to grant these advantages in their bid to boost manufactured goods exports, while the foreign corporations, vigorously using these advantages, resort to the most foul means of toughening exploitation of the local proletariat.

The situation is not much better for the workers employed at TNC plants outside the exports zones. With unemployment and resulting competition for jobs running extremely high, they must agree to any terms, for fear of losing all means of subsistence. The TNCs give preference in employment to young women and children, since they are even less likely than others to struggle to uphold their rights. The French economist C. Rimbaud noted, for instance, that "shops in many countries offer abundant choice of toys with the 'Made in Hongkong' brand. Made by little children, those pretty dolls and toy cars bear another brand, that of ruthless exploitation of child labour."<sup>5</sup>

In the mid-1970s the labour expenses of the TNCs in Hongkong, Taiwan and South Korea were 88.9 per cent less than in the USA, 80 to 90 per cent less than in Western Europe and 75 per cent less than in Japan. As to the hours, the working week in the textiles industry in 1980 was in South Korea, for instance, 55.2 hours (according to official statistics, obviously scaled down) as against 40 hours in the USA, 42.9 in Britain, 39.7 in the FRG, 39.8 in France and 40.8 in Japan.<sup>6</sup> Soviet economist V. Sokolinski noted that though "productivity and overall production efficiency have been on the rise at the local TNC plants, the results benefit neither the employees (despite the high labour productivity and efficiency, the pay is still very low), nor the local industrialists, nor the local government. The super-profits are taken away to the countries from where the investment has come".<sup>7</sup>

It is those opportunities for intensifying exploitation of labour that have been the main attraction to the TNCs and the reason for the transfer of certain operations to Hongkong, Taiwan and South Korea. Since the main markets for the commodities produced by the Three have remained in the centres of world capitalism, the latter's imports of manufactured goods from the former have assumed unprecedented scope. These have been mainly consumer goods: at first the emphasis was on clothes, textiles, footwear and toys, then it shifted to electronic appliances, cine- and photo cameras, optics, musical instruments, watches, etc. No wonder that Hongkong, Taiwan and South Korea's share in developing countries' consumer goods exports to industrialized capitalist states has become especially high. In 1980 they accounted for 72 per cent of such exports, (the statistics concerning the 16 more important categories of such products), as against 19 per cent for the rest of developing Asia, 7 per cent for Latin America and about 3 per cent for Africa, the Middle East and Oceania, taken together.<sup>8</sup>

However, exports carried out by the subsidiaries of foreign corporations can in no way increase a nation's (or territory's) foreign trade potential. The TNCs chiefly use intra-corporation channels in marketing their

<sup>5</sup> C. Rimbaud, *52 millions d'enfants au travail*, Paris, 1980, p. 157.

<sup>6</sup> See *Yearbook of Labour Statistics*, Geneva, 1981, pp. 403-408.

<sup>7</sup> V. Sokolinski, *New International Division of Labour: Metamorphoses of Neocolonialism*, Moscow, 1984, pp. 73-74 (in Russian).

<sup>8</sup> See *The American Economic Review*, May 1983, p. 339.

Table 1

TNC's Intra-Firm Trade in US Imports of Manufactured Goods  
from Hongkong, Taiwan and South Korea in 1979  
(per cent)

	Texti- les	Clothes	Foot- wear	Electro- technical equipment	Non-elect- rotechni- cal equip- ment	Overall manufactu- red goods
Hongkong	4.9	3.4	3.6	43.4	68.5	18.1
Taiwan	13.1	1.2	3.1	58.1	19.3	20.5
South Korea	5.5	7.1	1.8	67.3	64.2	19.7

Source: G. Helleiner. *Op. cit.*, p. 62

products abroad, with their own headquarters fully controlling the entire business: setting the prices, deciding on the territorial distribution, etc. The prominent Canadian economist G. Helleiner justly noted that the growth of such export from developing countries, export that is confined to TNCs' intra-corporation redistribution mechanism, in no way undermines the TNCs' global operations. The further expansion of developing countries' exports has become "controllable" as an element of the TNCs' long-term investment planning.<sup>9</sup>

Until the early 1970s the high growth rates of exports from Hongkong, Taiwan and South Korea were achieved through boosting exactly such intra-firm deliveries by the industrial transnational monopolies.

By the late 1970s, however, the situation changed dramatically. While the TNC intra-firm trade still played an important, or even dominant role in the exports of the more sophisticated equipment, its share in the exports of the traditional consumer goods has been insignificant (see Table 1).

The need for accelerated capitalist transformation of the economies of Far Eastern territories, which has become one of the priorities of the neo-colonialists' policy, induced the TNCs to remove some of the barriers they had put in the way of development of the local enterprise so as to enlist its partnership and integrate its effort in the international capitalist division of labour. At the same time, transnational monopoly corporations keep a tight rein on the process, since the latter might lead to the emergence of new rivals and make the tough world market competition still tougher. Foreign control of the Far Eastern Three's exports has not been removed, it has only been modified and made more subtle. The key to overall control over the business is no longer the ownership of the factories producing export goods, it is the monopoly control of the world network of channels via which the commodities are delivered to the customer. The TNCs have evolved a system of unequal procurement contracts which fetter the formally independent local producers; according to the French economists I. Troupin and A. Gallez, that system ensures "strict foreign control even with no investment to speak of".<sup>10</sup>

#### CONTRACTS AS THE NEW FORMS OF DEPENDENCE

The trade transnational corporations (TTNCs) have been particularly active in purchasing from the Three's producers export-oriented manufactured goods. Unlike industrial TNCs, these firms run no production sche-

<sup>9</sup> See G. Helleiner, *Intra-Firm Trade and the Developing Countries*, New York, 1981, p. 65.

<sup>10</sup> *Mondes en développement*, 1981, No. 34, p. 134.

mes; having a ramified marketing network, they play the role of intermediaries in the international trade exchange, drawing profits from world trade. The chief advantages of such TTNCs over the other firms operating in the world markets lie in their highly efficient system of collecting and processing current information on the market potential of every region, ensuring prompt response to the slightest market fluctuations; in the stable (not always formal) ties with the major customers and also with major banks, which ensures them prompt access to liquid funds. Using those advantages they have achieved effective control over the international marketing network. Hongkong, Taiwan and South Korean exporters have been forced to completely rely on the services of the TTNCs as intermediaries, meeting with great difficulties in their attempts to penetrate the Western markets on their own, due to the high rate of monopolisation of those markets and the protectionist barriers, as well as the specifics of their goods, the demand for which is prone to abrupt fluctuations caused by the changes in tastes and fashion.

UNCTAD experts noted that the formerly slack activity of trade firms in marketing the manufactured goods produced by these developing countries experienced sweeping changes with the growth of exports of their manufactured goods. National producers often met with difficulties in exporting their goods to remote markets, particularly the goods for which differentiation, design and changes in the customers' taste are important, so they relied on the services of foreign traders instead of setting up their own marketing channels and trade organization.<sup>11</sup>

The foreign trade corporations operating in Hongkong, Taiwan and South Korea make up two major groups. The first group includes wholesale trading corporations, which pioneered that profitable business. The first to come by that brilliant idea were the Japanese "general trading companies" (*sogo shosha*) which, since the late 1960s have been flooding all the major capitalist markets with consumer goods produced in the three Far Eastern territories. Before long major US and West European wholesale trading firms followed suit.

The success of transnational wholesale trading corporations as intermediaries to producers and retail traders based in different countries has been chiefly due to their ability to forecast market fluctuations, promptly streamlining the pattern of their purchase, and also their tough policy of keeping inputs low, particularly through the constant quest for cheaper suppliers. It was that quest which brought them to choose Hongkong, Taiwan and South Korean manufacturing firms as their partners.

The foreign wholesale trading firms tend to subject their Hongkong, Taiwan and South Korean producer-exporters to tough tutelage, even on the pettiest level, especially at the early stages of their partnership. At the same time, they would fight for every penny when bargaining deals with those firms in their bid to keep the cost low. They hardly care about the stability of such partnerships, and would seek alternative suppliers even if the cost goes up insignificantly.

Since the early 1970s the big retail trading corporations of the capitalist nations (such as Sears, Roebuck, Marcor, Macy's, Bloomingdale's Marks & Spenser, C and A Modes and Kaufhof) have been dealing with the Far Eastern producers on an ever larger scale. Many of those corporations earned their transnational status precisely through their expansion in the developing world. Such firms, particularly those running retail chain-stores<sup>12</sup> have come to do much of their business through their overseas offices, directly with manufacturing firms in that region,

<sup>11</sup> See *Doc. UNCTAD. ST/MD/25, Geneva, 1981*, p. 9.

<sup>12</sup> Retail chain-stores comprise a system of unified shops trading in complete sets of consumer goods bearing the trade-mark of the firm owning the stores.

which was due to the latter's enhanced efficiency. The retail trading corporations would not deal with unexperienced partners or with those that have no repute. But when the partner acquires certain experience and repute they go to great lengths to oust the intermediaries. This group of retail trade corporations is heterogenous. Some of them trade in the cheapest commodities, with them quality and design, satisfying the most refined tastes, are secondary to low cost. The corporations choose their suppliers accordingly, preferring suppliers with minimal production costs. Others insist on the highest standard of the products, both in quality and style, and also on the suppliers' strict compliance with the schedules of deliveries, which are geared to the seasonal sales. Such firms normally pay somewhat more for the products they procure.

There is a policy trait common to all retail trade corporations as distinct from the wholesale TNCs: they seek long-term partnership with Far Eastern producers. The usual practice of their offices is to strike deals with the local enterprises for 60 to 100 per cent of their output for the next one or two years. In such a situation the loss of a contract is a greater evil to the producers than the low prices, so they have to put up with the latter. As to the profits drawn by the retail corporations, here is just one example: it was stated at special hearings in US Congress that a man's suit made in South Korea is brought to California at the cost of \$45, and is sold at a store there for \$125, while the manufacture of such a suit in the US would have cost \$65 to \$70. This makes it clear why every retail trading firm advocates broader imports: they pocket an additional \$20 to \$25 per suit this way, the report states.<sup>13</sup>

In the past few years the ranks of the transnationals purchasing manufactured goods in Hongkong, Taiwan and South Korea to sell them in the West with their own trade-marks, include TNCs which produce similar goods themselves. Managers of such firms have figured out that such operations offer better prospects for ensuring high competitiveness for the goods they import and for retaining control over the markets, than the costly transferring production equipment overseas. Thus, retail trade and lease of electronic household appliances, mostly of East Asian and Southeast Asian make, brings the British Thorn-EMI corporation much greater profits than its own products. American consumers know little or nothing of the South Korean Samsung Electronics, though its products account for a significant portion of the TV-sets sold in the USA. This is because the Samsung TV-sets sold in the US bear the trade-mark of the well-known US corporation Sylvania, which would only let the South Korean rival's products into the local market through its own stores. Similar policies have been pursued in Britain by Clarks and Jager, that nation's key producers of footwear and knitted goods, which have been extensively purchasing commodities from Taiwan and Hongkong producers, respectively. The manufacturing TNCs make a point of selecting such suppliers in the Far East that have achieved a high standard, since their own commercial reputation is at stake in such deals.

There are no overall statistics to ascertain the role of the TNCs procurement as far as the manufactured goods' exports of Hongkong, Taiwan and South Korea are concerned; so we have to rely on selective surveys. Most illustrative, for instance, are the findings of the poll among South Korean exporter firms carried out in the late 1970s by US economists Y. Rhee and G. Pursell. The poll showed that about 81 per cent of their exports were effected through foreign dealers, including 61.5 per cent through wholesale trading TNCs, 4.1 per cent through retail trading firms,

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<sup>13</sup> See *US House Committee on Ways and Means, Library of Congress Study on Imports and Consumer Prices*. 95th Congress, 1st Session. Washington, 1977, p. 296.

and 14.3 per cent through the manufacturing TNCs producing similar commodities.<sup>14</sup>

The local exporters' grave dependence on transnational intermediaries ensues from the control of the business being seized by a narrow group of foreign monopolies. Of the 49 South Korean firms polled by Y. Rhee and G. Pursell, 12 channelled from 41 per cent to 60 per cent of their output to a mere four or to less "major customers", another 6 from 61 per cent to 80 per cent, and another 12 from 81 per cent to 100 per cent.<sup>15</sup> In such a situation the loss of a single contract might mean ruin for the firm. Small wonder that foreign control has been extremely tough there, with the intermediary TNCs setting the prices and delivery schedules at will, as well as dictating the designs, the styles, the finishing and even packaging of the export products (see Table 2).

Table 2

**Foreign Buyer Corporations' Influence on the Products  
of South Korean Exporters**

	The share of exports sales under foreign control (per cent)				Foreign influence being indefinite
	1-20	21-60	61-80	81-100	
exporter firms: exclusively relying on foreign customers' design	15	12	8	12	20
modifying products at foreign customers' demand	18	14	6	14	16

Based on survey of 92 South Korean companies in 1978.

Source: Oxford Bulletin of Economics and Statistics, November 1979, p. 379

As seen from the table, some three-fourths of the exporter firms polled either modified characteristics of their products in response to the orders of the foreign customer corporations, or relied entirely on the customers' design. The transnationals operating in Hongkong, Taiwan and South Korea have come to dictate to their indigenous producers not only on the technological and commercial policies, but also on those dealing with investment. Commenting on the deals of the British retail trading corporation Marks & Spenser, the prominent analyst of the *International Herald Tribune*, S. Salmans, noted that the corporation interfered in every aspect of the operations of its 600-odd suppliers, "dictating not only the number of stitches and the width of hems, but also the profit margins of those from whom it buys."<sup>16</sup>

#### HEADING FOR AN EXPORTS DECLINE

In the early 1980s the exports of Honkong, Taiwan and South Korea showed symptoms of a decline. While over the two preceding decades the growth rates were denoted by two-digit figures, in 1982 the level of South Korea's exports remained constant, while Honkong's and Taiwan's

<sup>14</sup> See Oxford Bulletin of Economics and Statistics, Vol. 41, No. 4, November 1979, p. 379.

<sup>15</sup> Ibid., p. 384.

<sup>16</sup> See International Herald Tribune, September 1, 1980.

went down by 2 to 3 per cent. The well-informed US weekly *Business Week* noted that even considering the likely worldwide business revival, there is ample reason to believe that the four "economic miracles" [apart from the Three, Singapore is meant—A. B.] will never attain the same growth rates as in the past decade.<sup>17</sup> Though in 1983-1984 these forecasts sounded very categorical, the results of the first half of 1985 had proved them to be correct: South Korea's exports decreased by 4 per cent, Hongkong's by 6 per cent (which implies real estimates, without re-export deals), while Taiwan's export growth was purely symbolic—1 per cent (*South*, November 1985, p. 121).

What are the reasons behind the current snag in the seemingly well-adjusted "exports machine" of the Far Eastern Three?

Undoubtedly, no small role has been played by the worsened economic situation in the capitalist world. Indeed, one of the main factors of Hongkong, Taiwan and South Korean exports' dynamic growth in the 1960s and the first half of the 1970s was the rather high economic development rate of the imperialist centres to which the lion's share of the manufactured goods was exported. While the markets of the industrialised capitalist nations were growing dynamically enough, their industries could easily readjust, adapting themselves to the influx of cheap goods from abroad. But the crisis phenomena, both structural and cyclical, greatly reduced in the mid-1970s and through the early 1980s, the Western markets' absorption capacity sharply aggravating trade contradictions and bringing about a tidal wave of protectionism, unprecedented in scale in the postwar period. This wave of "new" protectionism, which strongly relies on the so-called "voluntary exports limitations", forced upon the exporter countries by the importer ones, has dealt a telling blow at the economies of the Far Eastern Three. The textile exports were the first to be hit, then the plague spread to footwear, household electronic appliances, steel, vehicles and electro-technical products. *Business Week* wrote that the negotiations on the "voluntary" exports limitations were "conducted with a pistol on the table, in the form of a threat by importing countries to cut off access to their markets".<sup>18</sup>

Yet, the role of protectionism has not been as great as some economists picture it, since most of the exports from Hongkong, Taiwan and South Korea have been effected through channels controlled by the Western TNCs (both trading and manufacturing), with the TNCs having no difficulty in finding loopholes in the protectionist barriers raised under the pressure of the protectionist lobby<sup>19</sup> by the governments of the host countries. Using their own lobby which is as powerful, the transnationals have secured preferential treatment in the application of trade and political limitations. Here is a vivid example to illustrate the point: the US customs imposes a much lower customs tariff on the commodities made abroad in case they are made of parts or materials initially produced in the USA; only the value added abroad is liable to customs.

The main reason behind the dramatic fall in the growth rates of exports from Hongkong, Taiwan and South Korea is not the escalation of protectionism in their major markets; it is the loss by those territories of many of their former attractions as suppliers of goods and recipients of Western TNCs' investment. The main factor that used to attract there the orders and production facilities of the TNCs has been shattered, that is, the extremely low labour costs. A whole number of nations neighbouring

<sup>17</sup> See *Business Week*, March 28, 1983, p. 65.

<sup>18</sup> *Ibid.*, May 9, 1977, p. 38.

<sup>19</sup> That lobby is being run chiefly by non-TNC industrial firms, which cannot promptly adapt themselves to the shifts in the international capitalist division of labour through boosting operations abroad.



on the Far Eastern Three, such as Malaysia, Indonesia, Thailand, the Philippines and Sri Lanka provide much lower labour costs. In Indonesia, for instance, the average per hour pay does not exceed 40 cents, while in Hongkong it is \$1.15, and in South Korea \$1.4.<sup>20</sup> The TNCs have been withdrawing their labour-consuming schemes and orders from the Three and transferring this investment and procurement to those nations. Economists have even started speaking of a "new wave" of exporter developing countries that have come to surpass the Far Eastern Three in the growth rates of manufactured goods exports.

The People's Republic of China has also come to successfully compete with the Three in the low cost of export-oriented goods. The PRC government has been stimulating in every possible way the development of exports commodities production (particularly textiles and clothing industries) through the attraction of foreign investment and the establishment of mixed companies, and also extensively using the trading TNCs' services in marketing, over the last few years. UNCTAD experts stated in that connection that the produce of Chinese factories leased to foreign firms has been increasingly ousting Hongkong-made textiles from the Japanese super-markets with the *sogo shosha* assistance in transport and marketing.<sup>21</sup>

Such is the true picture of the TNCs' role in the swell of exports from Hongkong, Taiwan and South Korea. Though the share of TNCs' overseas agencies in those territories' manufactured goods exports has been insignificant, the TNCs have nonetheless enjoying a very effective (though camouflaged) monopoly control over those operations; ruling the roost in the international marketing channels, they force the outwardly independent local exporters into accepting their sharkish "service" as intermediaries. While the foreign control of the exports looked as no problem to the Far Eastern Three's ruling regimes until recently which knowingly encouraged the Western corporations' expansion, in the early 1980s, the grievous realisation of the perilous consequences of TNC sway in this sphere was brought home to them.

Hongkong, Taiwan and South Korea have become less attractive to the TNCs as suppliers of goods and recipients of investment, due to the appearance of 'new' developing countries with yet cheaper labour resources and to the technological revolution in certain industries in the West. This has done great damage to the exports of the Far Eastern Three, which has resulted, considering the strong emphasis on exports in their open economies, in a deterioration of every economic field, both domestic and international. It has brought about crises, greater underuse of production capacities, runaway inflation and a worsened situation for the working people. The obvious decay of the export boom in Hongkong, Taiwan and South Korea, has forced even the Western commentators, who up until recently were zealously advertising it, to stop doing so and admit that the Far Eastern Three's "development pattern" has exhausted itself.

<sup>20</sup> See *Business Week*, March 28, 1983, p. 65.

<sup>21</sup> See *Doc. UNCTAD. TD/B/C. I/219*, Geneva, 1980, p. 199.

## JAPANESE-SOVIET FRIENDSHIP SOCIETY, ORGANIZATIONS PRAISED

Moscow FAR EASTERN AFFAIRS in English No 2, 1986 pp 66-74

[Article by M. V. Demchenko: "Japan: Movement for Friendship with the Soviet Union"]

We stand for better relations with Japan and are convinced that this possibility is real. It stems from the simple fact that our countries are immediate neighbours," Mikhail Gorbachev, General Secretary of the CPSU Central Committee, said in his report to the USSR Supreme Soviet session.<sup>1</sup>

That declaration confirmed anew the principled and consistent stand of the Soviet Union which has always attached great importance to developing good-neighbourly relations with its Far Eastern neighbour and to promoting an atmosphere of trust between our two nations.

"People's diplomacy", as the friendship movement is graphically described, often outstrips official diplomacy. As early as 1922 when intervention against the young Soviet republic was at its peak, that is, three years before diplomatic relations were established between Japan and the USSR, the Japanese people launched a broad movement for putting an end to the intervention, for recognising the Russia of workers and peasants, and for solidarity and friendship with the Soviet people. The Committee for Non-Interference in Russian Affairs was set up on the initiative of Japanese trade unions and some public organisations. It became the main spokesman of the country's public which was in favour of establishing Japanese-Soviet diplomatic relations.

After the establishment of diplomatic relations (in January 1925) several organisations formed within the Japanese movement for friendship with the USSR, among them the Japanese-Russian Society, the Japanese-Russian Literary Artistic Society and the Japanese-Soviet Cultural Relations Society.<sup>2</sup> Each of them in its time and in its sphere of activity contributed greatly to the establishment and development of good-neighbourly relations between the Japanese and the Soviet people, overcoming much persecution on the part of the reactionary elements and the Japanese authorities.

It was the "people's diplomacy" in Japan that accelerated the establishment and development of Japanese-Soviet inter-state relations. After the defeat of Japanese militarism in the Second World War the members of the movement for friendship between Japan and the USSR immediately resumed their vigorous activity. December 1945 saw the establishment of the Society of the Students of the USSR, which proclaimed that its goal was to strengthen friendship and cultural relations between Japan and the USSR and to give the Japanese working people a true picture of the achievements made by the socialist country. In May 1946, the Society of Japanese-Soviet Cultural Relations resumed its activity. The two societies sponsored the establishment of the Japanese-Soviet Friendship Society in April 1949. It played a significant role in the mobilisation of Japanese public opinion in favour of the speedy normalisation of relations between Japan and the USSR.

<sup>1</sup> *Pravda*, Nov. 28, 1985.

<sup>2</sup> See *USSR-Japan. For the 50th Anniversary of the Establishment of Soviet-Japanese Diplomatic Relations (1925-1975)*, Moscow, 1978 (in Russian).

The signing of the Joint Declaration of the Union of Soviet Socialist Republics and Japan on October 19, 1956, put an end to the state of war between the two countries and restored diplomatic relations between them. Four months earlier a preparatory committee had been formed, which called on the Japanese people to set up a nation-wide organisation which would promote friendship with the USSR and unite the representatives of the broadest sections of the population, irrespective of their political views and convictions. Such a nation-wide organisation—the Japan-USSR Society—was founded in June 1957: Ichiro Hatoyama, who, as the Japanese Prime Minister, signed the Joint Declaration on the Normalisation of Japanese-Soviet Diplomatic Relations, was elected its chairman.

After this brief survey of history, let us turn to today's developments. The author, who has for many years worked in Japan as a journalist and on many occasions taken part in different Soviet-Japanese meetings in the past few years as a member of the USSR-Japan Society Board, would like to share his personal impressions of the Japanese-Soviet friendship movement, its diverse forms as well as its important role in consolidating good-neighbourly relations and preserving peace. To begin with, a few words about the key organisations within this movement.

#### FRIENDSHIP SOCIETIES

The Japan-USSR Society, the most important partner of the USSR-Japan Society, unites representatives of broad sections of the Japanese people, among them Communists, Socialists, politicians from the ruling Liberal Democratic Party, businessmen, leading scientists and cultural figures. The Society's aim, as stated in one of the articles of its Rules is to promote mutual understanding and friendship between the peoples of Japan and the USSR and in this way contribute to the cause of peace throughout the world.

Sincere and loyal friends of the Soviet Union, such as Muraichi Horie, the Society's Vice-President, Masao Akizuki, Chairman of the Hokkaido Federation of the Japan-USSR Society sectors, and many other activists devoted many years of their life to the accomplishment of this task. I happened to meet and talk to them on many occasions and was always impressed by the energy, purposefulness and self-abnegation characteristic of their work.

The Society is justly proud of its Russian Language Institute, which was set up in 1949 and which has graduated by tens of thousands of Japanese, and of Japan's biggest library of Russian and Soviet literature (boasting more than 100,000 volumes) with a reading hall and a Soviet economics room. The Institute is greatly aided by the USSR-Japan Society, which sends many publications, textbooks and short educational films, that give the students an insight into the culture and life of the Soviet peoples.

Since 1959, the Society began holding Japanese-Soviet Friendship Months, devoted to the anniversary of the Great October Socialist Revolution. These Months include meetings of friends of the Soviet Union, Soviet film shows, photo exhibitions, lectures on the USSR, and other functions attended by Soviet delegations.

Guided by the commonly known maxim that "It is better to see once than to hear a hundred times", the Society pays great attention to the development of tourism to the USSR. With this aim in view it organised the Japanese-Soviet Tourist Bureau in 1961, through which the Soviet Union has been visited by more than 80,000 Japanese scientists, cultural figures, businessmen, politicians, students, workers and peasants.

The Japan-USSR Society, with its more than 100 sectors and branches in the majority of the country's prefectures, is a mass organisation with great potentialities in the Japanese public movement for the development of good-neighbourly relations with the Soviet Union.<sup>3</sup>

The normalisation and development of Japanese-Soviet relations involved representatives of diverse political forces and many organisations often occupying diametrically opposite poles on the Japanese political scene. This led to the establishment of organisations of different political orientations, whose members advocated friendly relations with our country, proceeding from their own class-political positions and interests. Nevertheless they share the common desire to establish relations of trust, good will, mutual advantage and good-neighbourliness between the two countries. Speaking about these organisations, above all mention should be made of the Japanese-Soviet Friendship Society, which was founded in April 1965 and which has among its activists members of the Socialist Party of Japan, some other democratic organisations, and also representatives of the Liberal Democratic Party, the Komeito Party, and the Party of Democratic Socialism. At present the Society has more than 90 branches.<sup>4</sup> I chanced to attend the Society's events, which are quite multifarious and include Soviet Union Days, Japanese-Soviet Friendship Months, Soviet amateur performances, various Soviet exhibitions and "friendship cruises"—a new and especially popular form of communication between large Japanese youth tourist groups and Soviet people. The Japanese-Soviet friendship society often organises major events in cooperation with other organisations advocating good-neighbourly relations with the Soviet Union.

Munenori Akagi, an influential Japanese politician, who heads the Japanese-Soviet Friendship Society and was repeatedly member of Liberal Democratic governments, resolutely opposes those forces in Tokyo which want to please Washington by attempting to impede the expansion of Japanese-Soviet contacts. He said in his *Asahi* interview in 1971: "Instead of dancing to the US tune, it is necessary to strengthen relations of cooperation with the Soviet Union".<sup>5</sup> Nine years later he further developed his idea in conversation with a *New Times* correspondent, saying that those businessmen who had yielded to the pressure from the rightists and the pro-American quarters, are now beginning to regret it. The Japanese are making a mistake by not using all the opportunities of business cooperation with the Soviet Union. It is not only a matter of trade being the foundation of peace, he went on. Trade with the Soviet Union primarily promises advantages to Japan.<sup>6</sup>

1965 saw the establishment of the Society of Japanese-Soviet Relations, which primarily united representatives of the business quarters and the intelligentsia, among them leading lawyers, university professors, mayors, famous film-makers and other cultural figures. Alongside individual members, the Society has some 40 collective members and maintains contacts with major Japanese newspapers, magazines, libraries, research centres and other organisations interested in developing relations with the Soviet Union. It makes a tangible contribution to the development of relations between the Japanese and the Soviet people in the cultural, scientific, technological, trade and economic fields.

<sup>3</sup> See B. I. Ugrinovish, *Japanese Movement for Good-neighbourly Relations with the Soviet Union*, Moscow, 1984, p. 56 (in Russian).

<sup>4</sup> See *Japan in Our Day*, Moscow, 1983, p. 217 (in Russian).

<sup>5</sup> *Asahi*, August 20, 1971.

<sup>6</sup> See *New Times*, 1980, No. 39, p. 10 (in Russian).

#### ASSOCIATIONS AND OTHER ORGANISATIONS

**D**espite the policy pursued by the enemies of friendly relations between Japan and the USSR, Japanese-Soviet friendship is gaining in strength with every passing year and involving more and more activists. In the absence of an inter-governmental agreement on cultural contacts which the USSR repeatedly offered to sign but which was not supported by the Japanese government, cultural and scientific exchanges between the two nations were to a considerable extent promoted by the Japanese Association of Cultural Relations with Foreign Countries (Nihon taigai bunka kyokai) founded in 1966. It is headed by Professor Shigeyoshi Matsumae, the famous Japanese scientist, politician, public figure and President of Tokai University.

The USSR is the most active partner of the Association. Every year Programmes of Cultural and Scientific Exchanges are concluded between the Union of Soviet Friendship Societies and the Association.

A cursory and far from complete list of the activities sponsored by the Association includes bilateral scientific symposia and colloquiums, Soviet exhibitions and film festivals, tours by Soviet performers, specialised tourist trips, exchanges of students and annual meetings of the two countries' journalists. In 1971 the Association founded the Institute of Soviet Science and Culture Studies to accumulate and spread in Japan information on Soviet cultural and scientific achievements.

In 1970 the Association of the Mayors of the Western Coast of Japan appeared to strengthen friendship and economic cooperation with Soviet cities. It owes its existence to the speedy development of the movement of twin cities (Nakhodka and Maizuru pioneered the movement in 1961). After the establishment of the Association, regular meetings were held between the mayors of the member-cities and the chairmen of the executive committees of Soviet East Siberian and Far Eastern cities.

At present there are already about 20 Soviet and Japanese twin cities that maintain regular contacts between themselves, exchange delegations and materials on the experience in urban development, educational and health care systems, environmental protection as well as exchange exhibitions, films, sport teams and amateur performers' companies. Twin City Days are regularly held in the USSR and Japan. Owing to the contacts between the twin cities, the Japanese-Soviet friendship movement involves ever new groups of the Japanese population, among them employees of local self-government bodies, small entrepreneurs, scientists, cultural figures, journalists and students from different regions of the country.

The movement for good-neighbourly relations with the USSR was also joined by Japanese MPs, who founded in 1973 the Parliamentary Association of Japanese-Soviet Friendship. Among its members are deputies to the two houses of the Diet and representatives of all the political parties in the country. E. Sakurauchi, a leading politician and former Japanese Foreign Minister, is at present its Chairman. During his visit to the USSR in August 1984 he said that the Association deemed it its task to promote the development of Japanese-Soviet relations, and to maintain a political dialogue between the two countries, including along parliamentary lines.<sup>7</sup>

In 1979 the ruling Liberal Democratic Party set up the Society of the Advocates of Japanese-Soviet Friendship, which was designed, according to its founders, to become a "new political channel" for contacts between Japan and the USSR "with the aim of overcoming stagnation in Japanese-Soviet relations and improving them".

<sup>7</sup> See *Izvestia*, Sept. 1, 1984.

Deeper mutual understanding and friendship between the Japanese and the Soviet people and wider bilateral mutually advantageous trade are actively advocated by many medium- and small-sized industrial and trade companies—members of the Japanese-Soviet Trade Association formed in 1967, the Hokkaido Society of Japanese-Soviet Trade founded in 1972, in Sapporo, and the East Hokkaido Society of Japanese-Soviet trade set up in 1976 in Kushiro.

The picture of the vastly multifarious movement for Japanese-Soviet friendship would not be complete without mention of the other organisations who are making their contribution to the strengthening of good-neighbourly relations between the two nations. Among them are the Japanese Society for Russian Literature Studies which came into existence way back in 1950, the Shirakabe (birch-tree) amateur choir and the Shirakabe shop, the Kusa-no ne kai (Grass Roots) children's society, the Japanese Michurin Society established in 1954 to popularise and apply the Soviet scientist's findings, the Gekkoso Picture Gallery, the Japanese-Soviet Friendship Museums in Heda and Sarufutsu, the Russian Cuisine Restaurants' Union set up in 1974, the Japanese-Soviet Friendship Centres in Niigata and Rausu, and the Coordination Council of the Japanese-Soviet Friendship Houses of Hokkaido founded in 1984. It is impossible to give even a brief survey of the activities of all these organisations in one article. Let me focus on two Japanese Shirakabes and on the Japanese-Soviet Friendship Houses in Hokkaido.

The example of the former shows that sincere friends of the Soviet Union remain loyal to the road chosen by them irrespective of changes in the political climate. The Shirakabe amateur choir came into being in 1950 as a small group of young people who studied Russian and wanted to sing Russian folk songs. Later on they began giving concerts, at first singing songs only in Russian, but then translating them into Japanese so that they now sing in two languages.

I was lucky to attend several concerts of the Shirakabe choir in Tokyo and talk to its organiser and permanent director and conductor Go Kitagawa. He described how quickly the amateur choir grew numerically and became well known in the country. According to him, that was largely due to the exceptional growth of the popularity of Russian folk and Soviet songs in postwar Japan. Performing in front of the inhabitants of Tokyo and many other cities, the Shirakabe choir sought to make its own contribution to cultural exchanges and to strengthening peace and friendship between the Japanese and the Soviet people.

Now the choir numbers more than 100 people of different occupations, including factory workers, company employees, teachers at higher educational establishments and nursery schools, students and housewives. Its repertoire consists of more than 300 Russian folk songs and songs by Soviet composers.

They always attract a full house, and their performances are often attended by entire families. In the years of its existence, the choir has given thousands of concerts in Tokyo and many other Japanese cities.

The Shirakabe shop always offers works of the applied arts of many of the Soviet nationalities—*matryoshka* nesting dolls and other dolls, painted wooden tableware, amber jewelry and other products of our country. Tsuneo Namba, President of the Toyo Boeki trade company, gave some interesting facts about the shop in his speech at the second Round-Table Conference of representatives of the Soviet and Japanese public held in November 1980 in Moscow.

"I have been working at the Shirakabe shop for about 20 years now," Tsuneo Namba said. "1980 became the year of suffering for the majority of Japanese small and medium companies trading with the Soviet Union,

because they became the major victims of the 'economic sanctions' adopted by the Japanese government against the USSR under pressure from Washington."

"On the eve of the Moscow Olympic Games the Toyo Boeki company decided to hold for 6 months, from March to August 1980, in 12 Japanese department stores fairs of Soviet goods. Corresponding agreements were concluded and goods purchased but the department stores refused to give space to the Toyo Boeki company for those fairs."

"But it was precisely then, at the peak of the anti-Soviet propaganda campaign," Tsuneo Namba pointed out, "that hundreds of people and more than a thousand people on Sundays and holidays began daily coming to our Shirakabe shop in Ginzyo, in the centre of Tokyo. They not only willingly bought Soviet goods (incidentally, sales quickly grew) but also asked about the Soviet Union, its foreign policy and attitude to Japan." This demonstrates that, despite the acts of provocation staged by the opponents of friendship between Japan and the USSR, most of the Japanese strive for good-neighbourly relations with the Soviet Union and welcome the development of trade, economic, cultural and other contacts with it.

#### JAPANESE-SOVIET FRIENDSHIP HOUSES IN HOKKAIDO

It all started with a trip made by Yasusaburo Shibano, an influential Hokkaido businessman, to Moscow in 1971 together with a delegation of representatives of the Hokkaido business quarters. Though he was 68 at the time, he wanted to see the USSR with his own eyes—a country, about which he had heard the most diverse rumours in Hokkaido and for which, under the influence of anti-Soviet propaganda, he personally felt no sympathy. That first trip to the USSR (and many others were still to follow) gave him vivid impressions and left him enchanted with the Soviet people's hospitality and sincerity.

He returned to Hokkaido with an idea that broader friendly exchanges, deeper mutual understanding between the Japanese and the Soviet people and the development of bilateral mutually advantageous trade relations on this basis would benefit Japan and promote peace in the Far East and throughout the world. He decided to devote the rest of his life to strengthening good-neighbourly relations between the Japanese and the Soviet people. He warmly supported the idea of founding the Hokkaido Society of Japanese-Soviet trade, became its Chairman and initiated the building of a Japanese-Soviet Friendship and Culture House in Sapporo. Ya. Shibano was supported by the Hokkaido Federation of the Japan-USSR Society sectors and other progressive public organisations, trade unions and representatives of almost all the political parties in that region and also of the local administration.

The Japanese-Soviet Friendship and Culture House was opened in Sapporo in September 1977 to mark the forthcoming 60th anniversary of the Great October Socialist Revolution. It was the first institution of the type not only on Hokkaido but throughout Japan, built specially for the local population as a centre to disseminate truthful information about the Soviet Union and to help islanders to dispel heaps of all sorts of inventions and myths about their close neighbour, to deepen mutual understanding and to establish the relations of trust and friendship.

The author attended the ceremony of that House's foundation in 1975 and then visited it 10 years later. Despite his age, 82-year-old Shibano and his wife, vigorous and hospitable as ever, took me around the exhibition halls, one of which displayed Soviet books and another an exhibition on the Altai Territory, then to the cinema hall, the

reading-room, the library where a Russian-language class was being conducted, a book storage room intended for 100,000 books, and other premises. In the years of its existence the House has hosted dozens of events, including a series of Soviet film shows and Russian music concerts, a Japanese-Soviet youth conference, a number of exhibitions, Soviet amateur performances, lectures by Soviet scientists and scholars, and many others. Now about 15,000 Japanese visit the place on the average every year.

The Japanese-Soviet Friendship and Culture House in Sapporo has quite a few adversaries in the form of right-wing organisations, and the militarist and revanchist forces. They sought to frustrate the building of the House and wanted to interfere with its inauguration when it had been built by the appointed time. Yet all of their actions failed.

The building of the Japanese-Soviet Friendship and Culture House in Sapporo initiated a new trend in the movement for good-neighbourly relations with the USSR—the building of similar Houses in other cities on Hokkaido. In December 1977 another Japanese-Soviet Friendship House was opened in Kushiro, built with the money allocated by the East Hokkaido Society of Japanese-Soviet Trade. It was followed by the opening of similar Houses in the cities of Wakkanai (July 1980) and Hakodate (October 1981).

That Hokkaido inhabitants display a growing interest in this new form of the movement for good-neighbourly relations with the USSR is forcefully demonstrated by the following fact. The idea of building the Japanese-Soviet Friendship House in Wakkanai was unanimously supported by practically all the city residents. In a word, the House became a common offspring of all the city residents.

The appearance of this new form of strengthening good-neighbourliness boosted the further development and growth of the movement for Japanese-Soviet Friendship on Hokkaido. This is the island which the Japanese reactionaries wanted to turn into a stronghold in their confrontation with the USSR and with this aim in view had for decades been educating the local residents in the spirit of anti-Sovietism, implanting revanchist sentiments among the population, and where they are now in the process of expanding the deployment of Japanese and American troops.

#### **BILATERAL MASS MEETINGS**

**T**he positive development of Soviet-Japanese relations during detente has come up against, since the late 1970s, the growing resistance on the part of the United States, to which Japan is tied by a military alliance. Under Washington's pressure the Japanese ruling elite and government began to support actively the US line towards renouncing the policy of detente and expanding the arms race. Calls to build up the potential of the Japanese Self-Defence Forces, formed in violation of the acting Constitution, and to arm these forces with up-to-date offensive weapons could be heard ever more frequently in Japan itself. Tokyo has been making more frequently unjustified and unlawful claims on Soviet territory and mounting anti-Soviet propaganda campaigns. Apparently, Washington and certain Japanese quarters needed these actions to justify the policy of involving Japan in the Pentagon's aggressive strategy.

The course is fraught with serious consequences for peace and security in the Far East and primarily Japan which is willy-nilly turned into a staging area for the US forward-based nuclear weapons and, consequently, into a "nuclear hostage". The danger is recognised by many realistically-minded Japanese politicians and the Japanese



democratic forces, which are ever more actively coming out against the revival of militarism and the arms race, and for eliminating the threat of nuclear war.

Even in this complicated and tense situation "people's diplomacy" was the first to act resolutely to reverse the worsening of Japanese-Soviet relations. The Japanese organisations advocating friendship with the USSR sought to carry out the previously planned programmes within the framework of bilateral exchanges and at the same time tried to step up joint actions.

Round-Table Conferences of representatives of the Soviet and Japanese public became a new important and promising form of joint ventures by the USSR-Japan Society and its Japanese partners. Four such forums have been held already. The first took place in Tokyo in 1979, the second in Moscow in 1980, the third in Tokyo in 1982 and the fourth in Moscow in 1984. All of them were quite representative, each attended by several hundreds of people, including politicians, leaders and activists of public organisations, scientists, journalists, cultural figures, businessmen, deputies to the USSR Supreme Soviet and the Japanese Diet from the ruling and opposition parties.

As a member of the last three Round-Table Conferences, I can say that they discussed a fairly broad range of problems, including the international situation, the tasks of joint struggle to eliminate the threat of world thermonuclear war, the state of relations between the USSR and Japan and their prospects, the ways of expanding cooperation and exchanges in trade, economy, culture and science, sports and tourism, the role and responsibility of the mass media in deepening mutual understanding between the two nations, and the further development and strengthening of the friendship movement. In a word, the forums dealt thoroughly and seriously with the entire complex of Soviet-Japanese relations and demonstrated the common desire to find a way out of the difficulties, which these relations are going through at the moment, and to find the means of using the vast potentialities for their development.

The Round-Table Conference of the representatives of the Soviet and Japanese public aroused lively interest both in the USSR and Japan. Here is what the *Asahi* newspaper wrote in 1982: "The idea of convening Round-Table Conferences involving primarily friendly organisations originated from the need to prevent the worsening of Japanese-Soviet relations in the future and to continue the dialogue through the public forces. It is a good idea."<sup>8</sup>

It is noteworthy that in the course of preparations for the Round-Table Conferences a preparatory committee was established, which initially incorporated five Japanese organisations advocating friendship with the Soviet Union that later were joined by some other organisations. And thus a step was made to consolidate the movement for good-neighbourly relations with the USSR. The experience of holding four Round-Table Conferences gives reason to conclude that they became a significant event in the history of the development of contacts between the Soviet and the Japanese public.

It is also important to point out that the Round-Table Conferences have in the past few years been followed by other mass meetings of the Soviet and the Japanese public both on national and regional levels. Among them, for example, is the Anti-War Meeting of the Representatives of the Soviet and the Japanese public devoted to the 40th Anniversary of the defeat of militaristic Japan and the 40th Anniversary of the dropping of the US atomic bombs on Hiroshima and Nagasaki. Another recent tra-

<sup>8</sup> *Asahi*, April 25, 1982.

dition is the meetings of the representatives of the Soviet and the Japanese public "for friendship, good-neighbourliness and cooperation in the Far East". The first of them was held in Khabarovsk in 1984 and the second in Sapporo in 1985, attended on both sides by about 450 people, including 200 envoys of Soviet Far Eastern and Siberian regions and areas and also the employees of some central Soviet departments and organisations.

The Sapporo meeting was held in an atmosphere of friendship, mutual understanding and businesslike cooperation, despite the attempts by the Japanese reactionary forces to interfere with that forum by organising anti-Soviet sallies by rogues from right-wing organisations. These rogues had been brought to Sapporo not only from all over Hokkaido but some had even come all the way from the Honshu Island.

The participants in the meeting unanimously passed a joint communique, pointing out, among other things, that the political climate of Soviet-Japanese relations was changing for the better and reiterated that for this tendency to develop it was necessary to make active efforts to lessen and eliminate the existing differences of opinion on certain problems, to promote a political dialogue and cooperation in trade, economy and fishing, and to expand trade union contacts and also scientific, cultural and sports relations, tourism and friendly exchanges between public organisations and twin cities.

Perhaps it isn't an exaggeration to say that the key-note of discussions at all the Soviet-Japanese mass meetings in the past five years was the call to strengthen good-neighbourly relations for the sake of preserving peace.

"People's diplomacy" has to a certain extent succeeded in checking the development of a negative trend in Japanese-Soviet relations. The positive factors in the development of bilateral relations in the past 2 years include the resumption of inter-parliamentary links and livelier contacts on the state level between the two countries.

The Soviet public, welcomes such developments though these livelier contacts cannot as yet be regarded as attesting to a steady change for the better in the two countries' relations. To overcome stagnation in Soviet-Japanese relations is not as easy as it may seem at first glance. Needless to say, meetings and contacts between the two countries at different levels are an important prerequisite for starting a dialogue. But what matters most is the desire to conduct a dialogue not merely for the sake of recording the existing differences but for the sake of looking for practicable ways of improving relations in the course of that dialogue, of reawakening the mutual desire to develop these relations in the spirit of businesslike cooperation and friendship, and to impart these relations with a concrete mutually advantageous content.

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U.S. SINOLOGISTS ON AMERICAN-CHINESE RELATIONS IN MID-1980'S

Moscow FAR EASTERN AFFAIRS in English No 2, 1986 pp 75-81

[Article by A. G. Larin]

The problems of relations between the USA and China are attracting the close attention of US political analysts. Both the importance of these relations for the United States and their complicated and controversial nature explain why an army of experts publish dozens of works on the subject every year. They are marked by a number of sensitive issues affecting both sides. The divergence of the two countries' interests, American researchers say, influences the rate of progress as far as political ties are concerned, the extent of rapprochement in the military sphere, and the advance in various spheres of economic cooperation, be it investments in the PRC economy, the granting to China of modern sophisticated technology, the selling of Chinese textiles in the US market, and so on.

The following article does not pretend to provide an exhaustive analysis of the new publications. It reviews several works which, I believe, reflect the views on two vital issues in relations between America and China, which are sufficiently widespread in US political thinking. These are, first, the prospects for bilateral military cooperation, and, second, the Taiwan problem.

There is a rather detailed analysis of various aspects of American-Chinese "strategic relations" in the monograph *Sino-American Security Relations. Expectations and Realities* by Lieutenant-Colonel Henry B. Gass, US Army Senior Fellow, published by National Defense University Press.<sup>1</sup>

This short work is of interest for the frankness with which the author elaborates his point of view and because the arguments put forth by him are quite typical of works of this kind. Conceptually, the author proceeds from the principal aim of the US China policy, which is to set China in opposition to the Soviet Union and spoil relations between them as much as possible, a situation that would make it possible for the West to enlist China's active help in promoting its plans of the "global containment" of the USSR. But the most crucial objective the United States should seek, according to Henry Gass, is not merely bringing political pressure to bear on the Soviet Union by playing the "China card", but "Chinese involvement against the Soviet Union in the event of a US-Soviet global war" (p. 9).

One of the principal methods the United States uses to reach these objectives is the constant exploitation of the propaganda myth of a

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<sup>1</sup> H. B. Gass, *Sino-American Security Relations, Expectations and Realities*, National Defense University Press, Washington, 1984, 74 pp.

"Soviet threat" to China. Henry Gass, too, makes repeated use of this contention, unaware, perhaps, that he is contradicting elementary political logic. Indeed, is it worthwhile for any country to create a threat for some other country, if thereby it is likely to put itself in an obviously unfavourable position involving the necessity to grapple with two adversaries at once? Or, in other words, the very same position the enemy is seeking to put it in? Actually, the author himself was forced to at least play down the "Soviet threat" concept, because the sources he referred to described it as "remote", "improbable", etc.

Nevertheless, the author brings this far-fetched concept into play frequently enough, as he does the groundless allegations about the USSR's "threat" to the entire "free world". His aim is to "substantiate" the need for the PRC and the USA to develop bilateral military ties, primarily in the form of US supplies to China of military hardware and know-how. In discussing what rewards Washington may receive from this cooperation, Gass writes: "There is little disagreement that the United States will derive some advantages from assisting China's defense modernisation. Through this assistance, the United States has the opportunity to influence China's economy, defense policy, and foreign relations" (p. 27).

Yet at the same time, Gass urges the US political leaders to display the utmost caution in these matters. "The global and regional implications of a militarily stronger China", he warns, "need to be examined closely" with due regard of the fact that China's interests themselves would always be crucial in the PRC's actions (see pp. 9, 42). The author emphasises the deep social and ideological differences between the two countries, differences that are too serious for an alliance based on sheer common trust (p. 42). He is wary of the desire of the leaders of China to avoid any form of external dependency. But contrary to all facts, he traces the sources of this "xenophobia" to ... the USSR's policy in the 1950s (although it was in this period that the Soviet Union gave China vast friendly assistance which was curtailed through no fault of Moscow), rather than to the history of enslavement by imperialist powers of the Chinese people. Nevertheless, the author thinks it probable that later on "a military strong China might be more likely to seek a renewed friendship with the Soviet Union" (p. 10).

However, apart from ideological issues, Gass finds a number of important factors which make it considerably less attractive for Washington to seek rapprochement with the PRC in the military and political sphere. In terms of an actual military alliance, the author believes, China would not make a strong and reliable enough ally for the USA in the event of serious military confrontation with the USSR. On the political level, the author's assessments reflect a pronounced reluctance on the part of influential forces in the USA to have a strong Chinese state close to the sphere of their imperialist interests in the Asia-Pacific region. This state, Gass says, could become a source of "destabilising trends" undesirable to the USA. He does not rule out that further down the road Washington could have a problem with "the PRC's influence throughout the Third World" which would lead to a "reduced efficiency" of the US policy in the entire zone of the developing countries (p. 10).

At the same time, in a number of cases he keeps to the propositions which Washington uses to secure a more favourable reaction of its Asian allies and partners to its manoeuvres in the matter of military cooperation with China. He claims, for example, that Seoul will profit from an extension of relations between the USA and China and that "...the United States can expect the PRC to support the presence of US forces in South Korea" (p. 16).

All ambiguity vanishes, however, from Gass's reasoning when he broaches the issue of Taiwan. US political plans, he says, favour a China that is "not strong enough to take Taiwan by force..." (p. 41). Discussing various versions of a Taiwan settlement, he says that the present-day attempts by the Chinese leaders to have PRC sovereignty restored on the island by peaceful means are untenable, but he does not rule out the possibility of Taiwan being proclaimed an independent state and predicts that in any case "...Taiwan's status would be improving, rather than weakening" (p. 20)—from the point of view of US interests, of course.

But for this, "...weapons sales to Peking must be approached with Taiwan's security in mind", which obviously implies that along with strictly limiting its deliveries of military hardware to China, and "...as the PLA improves its weaponry, the United States should provide Taiwan with the necessary materials for its defense" (p. 48). He believes that the policy-making American-Chinese documents, including the August 1982 joint communique which contains the "equally vague" commitments of both sides as well as the Taiwan Relations Act, provide ample opportunities for this.

Supplying arms to Taipei in order "to offset enhancements in the PLA capabilities by defensive improvements on Taiwan" (p. 49) does not at all imply the need for giving both countries identical weapons systems. Gass recommends selling China outmoded weapons of the late 1970s, displaying particular caution with respect to technology which would enhance the Chinese Air Force capability to operate against Taiwan or would improve the accuracy of their nuclear missile guidance. At the same time, he suggests that "Washington should make every effort not to flaunt Taiwan arms sales, but the policy should continue at a sufficient defensive level until the Taiwan issue is settled peacefully between Taipei and Peking" (p. 52). He concedes that in this case "the Chinese would have been visibly angered and might have downgraded diplomatic relations in much the same manner they did when the Dutch government sold Taiwan two submarines. But this would hurt the Chinese far more than the United States" (p. 48).

Thus, this article reflects in a fairly clear way Washington's policy of seeking to have China do much of its own work in the matter of confrontation with the Soviet Union, thereby "saving the USA's forces", of giving a strictly limited assistance to the Chinese plans of military modernisation, and of simultaneously keeping Taiwan outside the sphere of the People's Republic of China's sovereignty for an indefinite period.

Practically the same stance is revealed by a series of studies released by the Asian Studies Center which was created in 1983 within the framework of the Heritage Foundation, a well-known right-conservative research organisation. The purpose of the Asian Studies Center (its booklets hold) is to help politicians concentrate on the key problems in US relations with Asian nations.

One of these studies, for example, *The Dilemma of US Arms Sales to Beijing* by Martin L. Lasater,<sup>2</sup> says that the preparation of deals with the PRC is making gradual progress and puts forward a number of objections and reservations. Notably, he stresses that "the sale to the PRC of advanced weapons and defense technology is opposed by the Association of Southeast Asian Nations (Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand) and the Republic of China on Taiwan (ROC). It is viewed with great wariness by the Republic of Korea and Japan" (p. 3). He pays particular attention to

<sup>2</sup> M. Lasater, "The Dilemma of US Arms Sales to Beijing", *Backgrounders*, Asian Studies Center, The Heritage Foundation, Washington, March 8, 1985, No. 23.

the military aspect proper. After analysing the tactical characteristics of weapons whose sales were negotiated in 1984-1985, he says: "It is doubtful that the Pentagon's proposed sale of naval systems to Peking would enhance US security and serve US interests" (p. 5).

Another study by the same author,<sup>3</sup> based on computations of a military and political nature, considers the following questions related to the prospects of "strategic cooperation" between the United States and the PRC: Can it be extended?; Can China be drawn into a military alliance, if the US wishes so?; Can the US "enhance China's defense capability", thereby "raising the PRC's value as a counter-balance to the Soviet Union" in Asia? To all these questions he gives negative or nearly negative answers. "...US efforts to improve the PRC's defense would probably not greatly increase Peking's counterweight value," he insists, "but might have a profound regional effect where the balance of force structure is crucial, as in the Taiwan Strait area" (p. 13). He winds up his analysis with a recommendation: "The US has no choice but to downgrade plans for strategic cooperation with the People's Republic of China. US security policy in Asia should be based on strength and the support of traditional allies, not on perceptions of China as an ally vis-à-vis the Soviet Union." Further on he emphasises: "But the limits of strategic cooperation must be realised clearly. It is to be ardently hoped that the age of myth in US-PRC relations has ended" (p. 14).

A recent article by prominent US Sinologist Thomas Robinson, *Boosting China's Military: Lessons for Washington*,<sup>4</sup> views the issues of strategic cooperation between the USA and the PRC from a somewhat different perspective. Like a number of other American specialists, he regards this cooperation as, in a sense, a useful factor for the United States, seeing it, notably, as a possible lever of influencing Peking's policy. At the same time, he fears that by assisting the PRC's military modernisation, Washington will help "to create a new and very strong opponent in Asia and in the global strategic equation" (p. 29).

In this connection, he analyses what means the United States has at its disposal and what steps it should take to neutralise the negative for the US consequences of the predicted change in the regional alignment of forces. He proposes a set of political and military measures which are to affect both China and its neighbours: First, to "help other Asian countries become dynamic elements in the new Asian balance of power", which means, for example, "promoting the Japanese military build-up" (p. 28). Second, to "reconsider its [United States.—A. L.] own military strength and strategy in Asia" by sending additional aircraft carriers to the Northeastern Pacific and building up the strength of the US Air Force in South Korea and around it, etc. It is logical to presume that apart from the USSR, these military preparations are to be directed against other countries, too. Third, Washington may influence the PRC policy by rewarding "Peking for good behaviour" through supplies of, say, military goods, or, conversely, through slackening ties with it in various spheres "if China acts against American security interests" (p. 29).

Notably, this approach is proposed to be applied to the Taiwan problem. Robinson thinks it unacceptable to "give up the island", that is, not to prevent the PRC from restoring its sovereignty over the island. He sees the solution in "stimulating reconciliation" between the PRC leaders and the Taipei regime, "using its [America's.—A. L.] technology

<sup>3</sup> M. Lasater, "The Limits to US-China Strategic Cooperation", *Backgrounder*, Asian Studies Center, The Heritage Foundation, Washington, April 20, 1984, No. 12.

<sup>4</sup> T. Robinson, "Boosting China's Military: Lessons for Washington", *Far Eastern Economic Review*, 1985, vol. 128, No. 23, pp. 28-29.

transfer-induced influence in Peking, as well as its military sales-induced influence in Taipei" (p. 29). It is easy to understand that this idea provides for the securing of Taiwan as a political entity separate from the PRC for an indefinitely long period.

The Taiwan example shows that the USA hopes to derive definite and long-term advantages from assisting China to effect its military modernisation. Incidentally, this is what Henry Gass writes about frankly in his monograph: "But if China is to have any hope of succeeding economically and achieving the four modernisations, particularly in defense, Chinese leaders must ... overcome their ... xenophobia and accept some degree of dependency on the West" (p. 52).

As for the United States, US political analysts, if they think it worthwhile to touch upon the matter at present at all, directly or indirectly, deny the need for any US concessions. Many works clearly reveal the conviction that China would stand to lose much more from a slackened state of bilateral relations than would the United States. Proceeding from this assumption, some authors openly argue that a sufficiently tough policy vis-à-vis the PRC is in line with the United States' interests.

For example, since the inception of the Heritage Foundation's Asian Studies Center, its analytical studies have criticised the concept, the gist of which is that "momentum must be sustained in US-China relations, lest the new relationship with the former adversary flounder. Relations with China, it was thought, must keep improving or they would deteriorate"<sup>5</sup> (p. 1). According to John Copper, Director of the Center, by 1982, as a result of the "excessively soft, if not slavish policy" based on these principles, "US officials had reached the end of their rope making concessions to China for which the US received little, if anything, in return" (p. 1). Meanwhile, he claims, China asks for more than it hopes to get and, if it has no other option, is content with less (p. 1). Assessing the results of a number of tough measures the Reagan administration took vis-à-vis China, he infers that "less concessionary US stance toward China will foster a more 'normal' relationship with the People's Republic of China" (p. 7).

He elaborates on this idea in yet another article (which, incidentally, was written in connection with Zhao Ziyang's<sup>6</sup> visit to America), claiming that the lopsided nature of the US-PRC relationship, which is more beneficial to Peking than to the US, is revealed in a particularly graphic way in the area of commercial ties and technology transfers. "In the realm of strategic interests," he goes on, "China is only of marginal value to the US," but simultaneously "presents a number of disadvantages in dealing with America's traditional Asian allies and in maintaining an important alliance with Japan. Finally, the US cannot negotiate with Peking regarding Taiwan; there is simply nothing to negotiate other than getting a promise from Peking concerning a peaceful settlement" (p. 7). Proceeding from this, Copper insists that in its Pacific policy the United States should give priority to Japan and that Washington should step up its efforts to create a "Pacific community" which, however, can hardly include China (p. 8).

R. H. Myers of Stanford University is distinguished by an equal, if not greater, outspokenness.<sup>7</sup> What benefits, he asks, can the US expect

<sup>5</sup> John F. Copper, "The Lessons of Playing Tough With China", *Backgrounders*, Asian Studies Center, The Heritage Foundation, Washington, August 23, 1983, No. 4.

<sup>6</sup> John F. Copper, "Greeting Premier Zhao with a Balanced China Policy", *Backgrounders*, Asian Studies Center, The Heritage Foundation, Washington, January 6, 1984, No. 6.

<sup>7</sup> See R. H. Myers, *The Pacific Basin.—To Promote Peace: US Foreign Policy in the Mid-1980s* (Dennis L. Bark ed.), Stanford, 1984.

from a development of US-Chinese relations in the light of their evolution since the 1979 normalisation? Trade, he believes, has no particular prospects and will in the future grow at a slower rate than before, because the two countries' economic structures are not mutually complementing: the PRC can offer American consumers neither rich raw materials resources, nor cheap high-quality consumer goods; in addition, Chinese textile exports are restricted by the US system of quotas (p. 152). He is displeased with China "comparatively rarely" taking Washington's side in connection with regional crises.

On the other hand, he discusses "both countries' common strategic interests", meaning the plans for using China to weaken the USSR's international positions, "creating a counterweight" to Vietnam, etc. But, unlike Robinson, he believes that Washington cannot influence the PRC policy in any appreciable way. China is "an emerging power with unique problems and national interests". Hence the conclusion: "There is little need for Washington to make concessions to improve relations. Such concessions will certainly not guarantee a convergence of Sino-American interests" (p. 155). Notably, he holds, "the United States' de facto two-China state relationship can continue until leaders in Taipei and Peking decide to begin negotiations" (p. 156).

A milder and more flexible approach to China may be found in one of the latest interviews with Professor A. Doak Barnett,<sup>8</sup> one of the founders of the "liberal" trend in US Sinology, who, back in the 1950s and the 1960s, pressed for a turn in Washington's policy toward a rapprochement with the PRC. Yet, even his analysis clearly reveals the realisation of the factors which place progress in American-Chinese relations within a fairly limited framework. Saying that the PRC and the USA have many areas where strategic interests are shared and that the sides may start a fine relationship of cooperation, he makes a reservation that for the most part, this must be economic cooperation. A. Barnett stresses, rather than ties of a clearly military nature, much less an "alliance". He understands China's decision not to enter into an alliance with the USA. But he would not approve establishment of any type of allied relations between the United States and China from the viewpoint of the US side, since these relations in no way benefit the United States nor China, neither from the viewpoint of US global interests nor its relations with the Soviet Union (p. 8). Barnett makes a passing reproach to the PRC leaders for sometimes taking an "excessively critical stand" with respect to the US actions in the zone of the developing countries and for publishing numerous extensive statements concerning the USA and the "Third World" (p. 8), despite the "many points of contact" with Washington.

He pays much attention to the Taiwan problem emphasising its long-term and protracted nature, and warns against any attempts to speed up its settlement. He contrasts the strong feelings that Peking may have vis-à-vis this problem with the no less "strong sentiments" of Washington. Of particular interest is his speculation over the existing ways of restoring China's sovereignty over Taiwan. Although regarding the well-known numerous initiatives of the Chinese government in this sphere as a sign of growing "flexibility" in its policies, he thinks that by themselves they can solve nothing. There is no need to amend one's own proposals each week, he says not without sarcasm.

"The Xianggang model", according to Barnett, is of definite value as far as the Taiwan problem is concerned, but creating a model is not everything. If the Hong Kong issue was solved through talks bet-

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<sup>8</sup> See his interview with the *Zhishi fenji* magazine, vol. 1, New York, 1985, No. 2 (in Chinese).



ween China and the third side—London, the solution that Barnett sees as feasible regarding Taiwan is in the long run "to convince its leaders and people" that the Xianggang model is expedient and that "mainland China has really changed" (p. 9).

This should not be taken as a recommendation to the Chinese side to step up its propaganda. Barnett specifies what he means saying that in the remote future, the solution of the Taiwan issue will depend, not only on changes on Taiwan, but on a change in the situation on the mainland and in Xianggang. These are all interconnected matters, he says (p. 9). It can be inferred from this that he links the possibility of the island's reverting to China with radical changes in the People's Republic of China itself, which the Taiwan rulers might consider as sufficient guarantee of the inviolability of the island's present way of life.

There are no other avenues for Taiwan's reunification with China, these being blocked by Washington. Most of all he would like to hope that the Taiwan problem will evolve in the right direction. But any signs of digression from this direction are likely to give rise to serious complications in US-Chinese relations (p. 99). What will be the US reaction if there is unrest in Taiwan or the Taiwan authorities declared independence and the PRC government may be compelled to use force? To this question Barnett answers that this situation may bring about an increase in the support the United States is rendering Taiwan. If some events show that a new threat has emerged to the regional balance of forces, he adds, the USA may activate its promises to Taiwan (p. 9). Professor Barnett's analysis is probably based on the assumption that Washington is going to continue to prevent the PRC from implementing its rights to Taiwan, undeterred by a possible worsening of relations with it. That it has adopted this tough line is explained, among other things, by its desire to use the Taiwan problem as a lever helping move China toward a social evolution desirable to the West.

The above examples show that the US academic community is clearly aware of the fact that military cooperation between the United States and the PRC has fairly narrow limits which, in the final analysis, are determined by the difference in their key interests (although it is perhaps not always appreciative of the fundamental factor which is the divergence of their social and economic systems). This circumstance does not prevent US political analysts, at least some of them, from supporting Washington's attempts to draw the PRC into its anti-Soviet strategy, using, among other things, the military technology and know-how supplies issue. But at the same time, they advise utmost caution and restraint in helping modernise the Chinese Armed Forces. They recommend that the US should build up its military presence in the Asia-Pacific region, that there should be no revision of the system of US political allegiances in the region in favour of China, that no meaningful concessions should be made to China, and, certainly, that Taiwan should not be abandoned.

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## SUN YATSEN'S POLITICAL PROGRAM RECALLED

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[Article by N. L. Mamayeva, candidate of historical sciences]

The national anti-imperialist revolution in China in the 1920s led by the Guomindang cooperating with the Communists is linked directly with Sun Yatsen, China's great revolutionary democrat.

Sun Yatsen's ideological and political heritage invariably attracts the attention of Sinologists in all countries, following various lines of research. In interpreting Sun Yatsen's ideological and political views Western and Chinese historiography concentrates on examining and describing the principle of people's well-being. As a rule, foreign authors focus their attention on the following question: Is it possible to interpret the principle of people's well-being as being identical to the notion of Communism? Proceeding from the definition of the principle of people's well-being, they give a general assessment of Sun Yatsen's political theory and practices, which boil down to Sun's attitude towards the Communists and the worker and peasant movement.

Giving top priority to this question predetermined the assessment of Sun Yatsen's political revolutionary programme chiefly in one aspect, that of his attitude to Communism and class struggle.

Soviet historiography includes in its sphere of research the principle of people's well-being, the principle of nationalism (and, to a smaller extent, the principle of people's government), and also Sun Yatsen's experience of cooperation with the Chinese Communists in the national anti-imperialist movement. Thus, it takes a more comprehensive and therefore more objective look at Sun's theoretical and practical work.<sup>1</sup> The study of the principle of nationalism and Sun Yatsen's practices in promoting the anti-imperialist movement in China and his foreign policy activities

<sup>1</sup> See S. L. Tikhvinsky, *Sun Yatsen. Foreign-Policy Views and Practices*, M., 1964; Introduction to Sun Yatsen, *Selected Works*, M., 1964; *Sun Yatsen—a Friend of the Soviet Union. For the 100th Birth Anniversary. 1866-1966*, M., 1966; *China's History and the Modern Times*, M., 1976; *On the Correlation of the Question of Nationalities and the Social Question in the Xinhai Revolution*. In *China in the New and the Modern Times. History and Historiography*, M., 1981; *Sun Yatsen—a Chinese Revolutionary Democrat* (The foreword to the second edition of Sun Yatsen's selected works). In Sun Yatsen, *Selected Works*. Second revised and enlarged edition. M., 1985; *The Modern History of China. 1917—1927*, M., 1983; L. N. Borokh, *Alliance for China's Revival*, M., 1971; *The Social Thought of China and Socialism (the Beginning of the 20th Century)*, M., 1984; G. V. Yefimov, *Sun Yatsen. In Search of the Path. 1914-1922*, M., 1981; V. I. Glunin, *The Comintern and the Establishment of the Communist Movement in China (1920-1927)*. In *The Comintern and the East*, M., 1969; *The Struggle For a United National Front in China*. ("For the 50th Anniversary of the III Congress of the Chinese Communist Party"). *Far Eastern Affairs*, No. 3, 1973; A. V. Meliksetov, "The Socio-Economic Views of Sun Yatsen: Origin, Development, and Essence". In *China: Society and State*, M., 1977; V. M. Nikiforov, *China in the Years of the Awakening of Asia*, M., 1982; M. I. Sladkovsky, "Sun Yatsen on the Ways of China's Economic Development". In *Sun Yatsen. 1866-1966. For the 100th Birth Anniversary. A Collection of Articles, Memoirs, and Other Materials*, M., 1966; G. D. Sukharchuk, *The Socio-Economic Views of China's Political Leaders of the First Half of the 20th Century. A Comparative Analysis*. M., 1983. (All publications are in Russian unless otherwise indicated).

friendly to the USSR have received an allround coverage in Soviet historiography, mainly in works by S. L. Tikhvinsky.

Sun Yatsen's teaching about "the three popular principles" is not only philosophical and theoretical generalisations and ideas about the society and the state of the "three popular principles", but also a concept of the political goals, forms, stages, and motive forces of the revolutionary movement during the stage when Sun Yatsen lived; in other words, it is his political programme of the Chinese revolution. Bringing out and *assessing Sun Yatsen's political programme*, which is in line with the teaching about "the three popular principles", most of all with the principle of people's government, and establishing just how much it was in tune with the Guomindang's political course in the revolutionary movement of the 1920s should supplement the description of the revolutionary political views of the leader of the Chinese revolution shaped in Soviet historiography, and also should specify the nature and certain special features of the 1925-1927 national anti-imperialist revolution.

The principal goal that Sun Yatsen set for the revolutionary movement of China in the 20th century—struggle for the triumph of "the three popular principles"—remained unchanged during the whole of his life.

The work of Sun Yatsen and his associates in the name of the idea of "the three popular principles" in revolutionary struggle was quite concrete. At the time of the Xinhai revolution the slogan of their struggle was to bring down the Manchu dynasty and establish a parliamentary republic; during the decade following the Xinhai revolution the slogans were "defend the revolution" and "defend the Constitution" [the 1912 Provisional Constitution adopted in Nanking;—*N. M.*], and from the year 1923 the slogans featured struggle against imperialism and militarism.<sup>2</sup> In the course of the struggle against the Manchu dynasty the slogan was to establish a parliamentary republic; in the ten years that followed the Xinhai revolution, efforts were made to preserve and improve the system of parliamentary republic, which showed a lack of vitality in the ensuing economic and political conditions in China.<sup>3</sup> As for the instability of China's political system after the Xinhai revolution, Sun Yatsen put it down most of all to the persistence of monarchist ideas. This was why he fought tirelessly against monarchist attitudes and forces.<sup>4</sup>

The form of participation of Sun Yatsen and his associates in the revolutionary movement during the post-Xinhai decade was determined by the specific historical and political conditions in which Sun Yatsen's party emerged and developed. With the balance of forces that existed then between the Peking government and militaristic groups, Sun Yatsen and his followers allied with the southwestern militaristic group and joined in the struggle waged by those groups to gain the greatest influence on the Peking government, i. e., in the struggle for power. This line of the party's activities followed the traditional pattern of interrelations among the militaristic groups, so the methods employed ranged from armed struggle to alliance and included manoeuvring and compromises.

A real result of Sun Yatsen's revolutionary and political activities was his participation in the establishment and work of the governments of the South (1917, 1920, and 1923), which, just like the governments of the North, were "tools" of this or that military group. Characteristically, the governments of the South sought to substantiate their existence with efforts to revive parliamentary forms of government. However, their activities, too, produced the same reshuffles and parliamentary confusion

<sup>2</sup> See Sun Yatsen, *Selected Works*, M., 1985, p. 320, 362-363.

<sup>3</sup> See *The Modern History of China. 1917-1927*, M., 1983, p. 28-30.

<sup>4</sup> See Sun Yatsen, *Selected Works*, Vol. 2. Peking, 1956, p. 705-706 (in Chinese).

as were seen in the political life of the North. In October 1923, Sun Yatsen formed a revolutionary government in Canton. That government was to play a significant role in strengthening Sun Yatsen's party and in rebuilding it on new principles of organisation and partly on new ideological and political principles. That government marked a transition to the formation of the National government in July 1925, which was Sun Yatsen's party government, so its establishment and work reflected Sun's own social and political views in the most comprehensive way.

In outlining the principal task for the post-Xinhai revolutionary movement in restructuring China's political system, Sun Yatsen deemed it necessary, as a first step, to weaken and neutralise military bureaucracy notorious for the local military authorities' arbitrary actions and abuses of power. Both in theory and in practice Sun Yatsen developed two strategies for a political restructuring of society—one featured a revolutionary method, while the other provided for a peaceful unification of the country on a democratic parliamentary basis.

According to Sun Yatsen, an exceptionally important role in the Chinese revolution was to be played by *the military factor*. In the light of the Xinhai revolution of 1911-1913 and in the conditions of intestine wars among feudal groups in China, Sun Yatsen pointed to the army as the main force in society capable of performing a revolution. Moreover, he saw the only way of effecting it in sending his troops to the North of China where they were to rout the militarists, so that the whole country could be united under the Guangdong government.<sup>5</sup> The Declaration of September 18, 1924, about the Northern Expedition proclaimed struggle against the militaristic Peking government as the Guomindang's minimum programme, and hostilities conducted by the Guomindang government as the primary form of revolutionary movement.<sup>6</sup> Recognition of the army as the main and crucial force contributing to the Guomindang's victory is featured in the entire theoretical heritage and practical work of Sun Yatsen.<sup>7</sup> But starting from the Guomindang's 1st congress in January 1924, some new content began to be introduced into the policy of leaning on the armed forces. This was due to the fact that Sun Yatsen, influenced by the 1917 Socialist Revolution in Russia and by contacts with Comintern leaders and Soviet military and political advisers, adopted a course at building a social basis of the revolution and applying in China the experience of revolutionary Russia and Russian Communists.<sup>8</sup> Sun Yatsen's declared line at reorganising the army was part of the general policy of reorganising the party (that policy was adopted by the 1st congress of Guomindang); the idea was to rebuild the Guomindang on new principles of organisation, similar to those adopted by the Communist Party of the Soviet Union (Bolsheviks), to build a mass party and a strictly centralised army subordinate to party leadership and adopting the new revolutionary ideals of struggle against imperialist aggression in China and against the militarists assisting the imperialists.<sup>9</sup> The Guomindang's political programme approved by its 1st congress mirrored the urgent political and economic demands of the broad popular masses,<sup>10</sup> which indicated that Sun Yatsen and the Guomindang included the people's interests in the sphere of party activities. The congress also approved Sun Yatsen's guideline that the Communists should

<sup>5</sup> See I. D. Kuzmin, "Sun Yatsen on the Problems of the Chinese Revolution". In *Eleventh Scientific Conference on Society and State in China*, part 3, M., 1980, pp. 10, 11.

<sup>6</sup> Sun Yatsen, *Selected Works*, p. 693-694.

<sup>7</sup> *Ibid.*, pp. 692-694, 626, 699-703, 637-640.

<sup>8</sup> See S. L. Tikhvinsky, *Sun Yatsen—a Chinese Revolutionary Democrat...*, p. 32.

<sup>9</sup> See Sun Yatsen, *Selected Works*, pp. 357-368.

<sup>10</sup> See *Ibid.*, pp. 365-368.

join the Guomindang, and this showed Sun's determination to bridge the gap that separated his party from the masses and to form a united revolutionary front acting together with the army and exerting revolutionising influence on it.

The reorganisation of the armed forces by Sun Yatsen and his associates was two-fold: the militaristic armies that supported the Canton government were reshuffled and the personnel for a new army was trained at the Huangpu military school. According to Sun Yatsen, the new army was, first of all, to be strictly centralised and, second, it was to go through a political and revolutionary education. This is what Sun Yatsen said in June 1924, "At present in the province of Guangdong... there are quite a few armies fighting together with our revolutionary party, but I cannot call them revolutionary... they are mixed in composition, have not had any revolutionary education, and have no revolutionary basis." And further on, "Troops with no revolutionary ideals cannot in the long run renounce the thoughts of personal advantage and personal interests, and when those interests clash with the interests of the revolution such troops immediately become unreliable".<sup>11</sup> The plan to build a new army on the basis of the creation of the Huangpu military school and by means of reeducating and reshuffling the former militaristic units was successful only in part.

In the course of 1924-1925 a relative centralisation of the army and the party's control over it were achieved. The reorganised units were deprived of all financial basis of their own; they were denied the right to levy taxes in areas where they were deployed. Instead, they started getting clothing, money allowances, weapons, and ammunition from centralised government suppliers.<sup>12</sup> The introduction of the institution of political commissars and the politisation of the army were relatively successful (only in units whose officers came from the Huangpu school).<sup>13</sup> In the army corps made up of reorganised militaristic armies—and those formed an absolute majority of the Guomindang army—the political education of the personnel and the institution of political commissars were faced with insurmountable difficulties.<sup>14</sup> Another illustration of those difficulties is the fact that, as the Guomindang army was being formed, the reshuffling of the militaristic units was accompanied by fierce fighting. The use of the methods of revolutionary political education in the newly-built army, as they were outlined in the plans of military advisers P. A. Pavlov and V. K. Blukher,<sup>15</sup> could not, due to objective conditions, produce the necessary effect. With democratic institutions in China undeveloped, with the political and revolutionary consciousness of the broad popular masses at a low level, with a predominant majority of the Guomindang army unsusceptible to revolutionary ideals, and with troops serving largely on a voluntary basis, the principle of leaning on the armed forces in the revolutionary movement predetermined the military-backed and upper-echelon nature of the revolution led by the Guomindang. The principle of the paramount role of the military factor in the Chinese revolution provided the basis for Sun Yatsen's theory about the periods of the construction of the state.

According to "The Declaration of the United Alliance" (August 1905), the process of the building of the state should go through the three following periods: "the first is a period of government on the basis of martial law... The length of the first period... is set at three years... the second

<sup>11</sup> Sun Yatsen, *Selected Works*, p. 668-669.

<sup>12</sup> See A. I. Cherepanov, *Notes of a Military Adviser in China*, M., 1976, p. 135.

<sup>13</sup> See *Ibid.*, p. 315.

<sup>14</sup> See A. I. Kartunova, "V. K. Blukher in China, 1924-1927", *A Documented Sketch*, Documents, M., 1979, p. 125.

<sup>15</sup> See *Ibid.*, pp. 102-103, 125, 170, 173, 185.

is a period of government on the basis of a provisional constitution ... the third is a period of government on the basis of a permanent constitution. The permanent constitution is drafted six years after the enactment of the provisional constitution all through the country".<sup>16</sup> The third period, according to Sun Yatsen, was to be directly preceded by a stage when the people was to be prepared for the introduction and establishment of a political system new to China—the system of parliamentary republic.<sup>17</sup> He regarded the unsoundness of the political system that emerged in China after the Xinhai revolution as proof of his own political theory of the three-phase state construction. Sun Yatsen blamed his comrades in the Xinhai revolution for not sharing his convictions that China must go through a stage of transition from monarchy to republic—the stage termed a period of political guardianship—in "The Programme for the Construction of the State" (1917-1919).<sup>18</sup> The theory of the three-phase state development expounded in "The Programme for the Construction of the State" (1917-1919) remained the core of Sun Yatsen's political theory set forth in "The General Programme for the Construction of the State" (April 12, 1924),<sup>19</sup> and also in the lectures on "the three popular principles" delivered by Sun Yatsen in the spring and summer of 1924.<sup>20</sup>

One part of that theory says that the Guomindang should militarily seize political power and retain dictatorship during the first two periods of state construction.

In the social and political history of China there have been several attempts to put into effect Sun Yatsen's political plans of state construction, and several ways of doing it. The Xinhai revolution can be regarded as the first attempt, i. e., the start of the military stage of revolutionary construction, but it developed differently afterwards.

Having failed to build a state system that would embrace the whole of China in the course of the Xinhai revolution, Sun Yatsen and his associates tried to get established in the South. One can say that Sun Yatsen, leaning as before on armed forces and foreign aid, started from scratch. Sun and his party had to traverse a long and thorny path before the Guomindang government was formed on July 1, 1925. And once again this marked the start of a military phase of the party's government (although this time the pattern did not apply to the whole of China).

Having completed the vital measures on centralisation of the army, administration, and finances and thereby neutralised somewhat the strength of local militarists, the Guomindang prepared its state for fighting to establish a new military system of government throughout the country. In fact, realisation of Sun Yatsen's plans for a three-phase state development "at its purest" started with the National government's Northern Expedition, which was carried out in the spring and summer of 1926, a year after Sun's death.

Sun Yatsen's desire to build the army on new structural, ideological, and political principles is closely linked with a change in his views on the importance of "*the movement of the popular masses in a revolution*". It is advisable to examine Sun Yatsen's attitude to popular movement in the following aspects: Sun Yatsen's theory and practical activities reflecting the class interests of particular layers and groups of the population and his determining the form of the popular masses' participation in the revolutionary movement of the 1920s. Sun Yatsen's attitude to "popular movement" is essential to any assessment of his political programme.

<sup>16</sup> See Sun Yatsen, *Selected Works*, p. 105.

<sup>17</sup> See *Ibid.*, pp. 105-106.

<sup>18</sup> See *Ibid.*, p. 202.

<sup>19</sup> See *Ibid.*, pp. 637-640.

<sup>20</sup> See *Ibid.*, pp. 376-623.

Also, it is one of the most disputed issues in modern historiography. A contradictory interpretation of the problem by Guomindangers themselves led to this or that understanding of the general political orientation of Sun's teaching and was used by both "left" and "right-wing" forces within the Guomindang to justify their stand.

The Guomindang, as is evident from the Manifesto of its 1st congress, sought to express the interests of broad popular masses: intellectuals, peasants, workers, and merchants.<sup>21</sup> This approach was reiterated by Sun Yatsen's Manifesto for the Northern Expedition of November 10, 1924.<sup>22</sup> He set the Guomindang's political course in reference to promoting workers', peasants', trade, and industrial organisations.<sup>23</sup>

At the Guomindang's 2nd congress in January 1926, the problem of the party's social support was handled in strict accordance with Sun Yatsen's views. Here is what Wang Jingwei said in the main report, "That ... year [in 1924.—N. M.] it was explained in a number of public speeches that the President's industrial plan and the party's general line in the political field support, on the one hand, the workers and peasants, and on the other hand, they protect the interests of the merchants, too. There is no need to indicate that the policy of restricting capital and the demands of equalising land-tenure are causing no damage to the capitalists and landlords".<sup>24</sup> "...Some members of the Guomindang, though not many, believe that the merchant movement cannot develop along with the worker-and-peasant movement and that they should come into collision... our party cannot lean on the worker-and-peasant movement alone, ignoring the merchant movement".<sup>25</sup>

Sun Yatsen's specific proposals were to charter a course towards organising trade unions, peasant unions, and unions of merchants, intellectuals, and youth.

At its first plenary meeting the first Central Executive Committee set up peasants' and workers' divisions, and a special division for work among merchants was established in October 1924. All this indicated that Sun Yatsen and the Guomindang had made certain efforts in the field of social and class policy. The most important legislative act concerning the social policy in the labour issue before the Northern Expedition of 1926 was the publication of Trade Union Regulations by the head of the Canton government, Sun Yatsen, in the autumn of 1924.<sup>26</sup>

Soviet historiography appraises the Trade Union Regulations by comparing the Guomindang's labour legislation efforts with the social policy of the Chinese government. "...The fact that before the early 1920s there were almost no precedents of judicial protection of the rights and interests of workers in China gave party programmes and authorities' efforts in this field great political significance".<sup>27</sup> The Trade Union Regulations of 1924 is a more progressive piece of labour legislation than even later union acts that appeared after 1927.<sup>28</sup> Sun Yatsen's strategy to organise broad popular masses into unions and to educate them politically, even though it was not aimed at organising class struggle between the peasants and the landlords or between the workers and the employers, objectively promoted the awakening of class self-awareness and in this

<sup>21</sup> See *Ibid.*, p. 362.

<sup>22</sup> See *Ibid.*, pp. 699-703.

<sup>23</sup> See *Ibid.*, p. 700.

<sup>24</sup> *The Congresses and Conferences of the Guomindang*. Materials translated. Edited by M. Rafers. M., 1928, p. 89 (a manuscript).

<sup>25</sup> *Ibid.*, p. 229.

<sup>26</sup> See *Ibid.*, pp. 40-46.

<sup>27</sup> V. I. Khorkov, *The Nanking Guomindang and the Labour Issue, 1927-1932*, M., 1977, p. 23.

<sup>28</sup> See *Ibid.*, p. 21.

sense served the interests of particular layers and groups of the population.

The tasks, demands, and slogans of particular population groups and layers were formulated by Sun Yatsen in accordance with his *socio-political revolutionary programme of the military stage of state construction*: unite the whole country under Guomindang government on the basis of reorganisation and centralisation of the military establishment, the administrative apparatus, and the financial system.<sup>29</sup> The military phase of state construction is featured in Sun Yatsen's works as extraordinarily important and significant for the success of the revolution. According to Sun Yatsen's views, it is during that period that the foundations should be undermined of the militaristic-bureaucratic form of the feudal system established in China.

Also high on the list of priorities for the military phase of state construction was elimination of the chaos in China's economic and political affairs. Sun Yatsen saw the cause of the chaos and the appalling poverty of the population in abuses on the part of the militaristic-bureaucratic government apparatus, so he gave top priority to economic and political weakening and neutralisation of the militaristic-bureaucratic upper echelon, with the taxation policy playing a crucial role. The task was first to regulate the system of taxation and after the establishment of the Guomindang government to carry out a tax reform as one of the primary methods of weakening and subduing the old bureaucracy and also a way to improve welfare standards for all strata of the population.<sup>30</sup>

Hence, Sun Yatsen's political theory of the military stage gave prominence to efforts to regulate the military system and taxation and to centralise the finances and the administrative apparatus, and neither to some specific economic or legal demands of particular classes and layers of the population, nor to general democratic demands of political freedoms (as was partly stated in the Manifesto of the Guomindang's 1st congress).

An improvement of life for the people was to come as a result of the Guomindang government's efforts to centralise power. Sun Yatsen's programme for the political guardianship period features consolidation of the power centralisation achieved during the military phase of the revolution.

A characteristic feature of Sun Yatsen and the Guomindang's social and political programme for the military phase of the revolution is that it was nationwide, since the entire nation wanted to see the abuses in the militaristic-bureaucratic administrative apparatus stopped at once.

Sun Yatsen showed great shrewdness when he outlined the immediate tasks of the military stage of the revolutionary movement. The guidelines for this course formulated by Sun Yatsen back in 1912<sup>31</sup> were adopted by the Guomindang and gradually implemented in the province of Guangdong in the 1920s. When Sun Yatsen was still alive, attempts were made in the Canton revolutionary base to put into effect the policy of regulating the financial and administrative system of the province. But until a certain time those attempts brought no crucial successes. The time came when the Guomindang built a strong army of its own and placed under its control the forces of its militaristic "allies". Only then could it start implementing the course at centralisation of the finances and the administrative apparatus of the province. That course was worked out in detail in the materials of the Guomindang's 2nd congress, which was held in January 1926, after the death of Sun Yatsen.

<sup>29</sup> See Sun Yatsen, *Selected Works*, p. 122.

<sup>30</sup> See *Ibid.*, pp. 367-368, 435-438, 686-688.

<sup>31</sup> See *Ibid.*, pp. 121-122.



Significantly, the materials of that congress show a clear-cut division of issues: the party's support, its social and political programme, definition of the form of the popular masses' participation in the revolution. This was done in accordance with the views of Sun Yatsen, but in greater detail and in a more specified manner. This complex of problems determined the attitude of Sun Yatsen and the Guomindang to "mass movement". Although the Guomindang admitted the possibility of taking certain measures to improve welfare standards and legal status for workers, peasants, tradesmen, and manufacturers during the military phase of the revolution, still the implementation of the party's entire programme concerning the workers' and peasants' issues and also the issue of labor legislation for and the legal status of the tradesmen and manufacturers was to take place later, i. e., after the Guomindang government gained political power throughout China.<sup>32</sup> The works and speeches of Sun Yatsen, who sought to appreciate and consider the nation's demands, and the Guomindang's party documents of those years mirror the demands of that stage in the development of the revolutionary movement. Seemingly insignificant demands and those apparently "secondary" from the viewpoint of class struggle, like tax regulation, termination of militaristic internecine wars, struggle against gangsterism, centralisation of the administrative apparatus and the finances, a ban on opium-smoking, etc., became prominent, reflecting urgent needs of China's social and political development.

Sun Yatsen believed that an indispensable condition for the implementation of the social and political programme of the military phase of revolutionary construction was support for the programme from various groups and layers of the population organised into unions. According to Sun Yatsen, trade unions and peasant, tradesman, and student unions were to support all the efforts made by the Guomindang in its anti-imperialist and military policy and in the establishment of the Guomindang state system.

However, for all his broad-mindedness and political shrewdness, Sun Yatsen underestimated the extent of class differentiation and the acuteness of the class contradictions in China. He cherished illusions believing that in China of the 1920s it was possible to cool down contradictions between the landlords and the peasants and between the capitalists and the workers simply by party propaganda and later, after the Guomindang and its army won victory over the militarists of the North, to resolve the class contradictions peacefully.

Sun Yatsen's political programme for the military stage of the revolutionary movement did not permit public organisations, and the groups and layers they represented, to put forward class demands or slogans of struggle for immediate improvement of their welfare standards and legal status.

Speaking about the Guomindang's policy with regard to the workers, Sun Yatsen formulated it as organisation of the workers' struggle against "economic oppression by foreign states", but never against China's own capitalists.<sup>33</sup> As for the Guomindang's policy with regard to the peasants, Sun Yatsen said that "in uniting the peasants, we should guide them onto the path of cooperation with the government..."<sup>34</sup> Peasant unions' support for government measures, like collecting extra taxes for the upkeep of the armed forces, was described by Sun Yatsen as one of the primary tasks of the peasantry in the revolutionary movement.<sup>35</sup> As for tradesman

<sup>32</sup> See The 2nd congress of the Guomindang. In *The Congresses and Conferences of the Guomindang*..., pp. 166-207, 218-231.

<sup>33</sup> See Sun Yatsen, *Selected Works*, p. 662.

<sup>34</sup> See *Ibid.*, p. 688.

<sup>35</sup> See *Ibid.*, p. 687.

unions, their tasks were, according to Sun Yatsen, to support government-organised anti-imperialist demonstrations, the struggle against the economic yoke of imperialist powers, and also the efforts at military, financial, and administrative centralisation of power in Guangdong.<sup>36</sup> This was Sun Yatsen's idea that the level of demands and slogans of the popular masses in the revolutionary movement of the 1920s was to be determined by the Guomindang and its government, and people's organisations were to be used to strengthen the Guomindang government. So Sun Yatsen's political programme devised to handle the tasks of struggle against militarism and imperialism had nothing to say about elimination of class exploitation. In the 1920s Sun Yatsen linked improvement of the people's welfare standards and legal status with regulation, rather than substantial reconstruction of the social and political structure and the relations of ownership.

The form of the popular masses' participation in the revolution was determined by Sun Yatsen according to his concept of the revolution carried out as a military campaign by regular troops. Sun Yatsen always stressed the inadmissibility of any "unwarranted" actions on the part of public organisations and popular masses.

As it discussed determination of the form of popular masses' participation in the revolutionary movement, the 2nd congress of the Guomindang also handled the issue in accordance with the teaching of Sun Yatsen. As the 2nd congress put it, the popular masses were to assist the National government's preparations for the Northern Expedition by paying regularly all sorts of taxes, by supporting the National government's efforts to build up the military, administrative, and financial strength of the Canton revolutionary base, and by participating in the government-organised anti-imperialist strikes and demonstrations. The Guomindang programme said that the only form of the popular masses' revolutionary movement was support for the Guomindang government's efforts, so it followed that the Guomindang disapproved of "unwarranted" armed popular actions and of expressions of public organisations' independence in exerting pressure on the government in the field of social policy.

Thus, Sun Yatsen and the Guomindang's traditional principle of leaning on armed forces in the revolutionary process and the three-stage revolutionary movement plan were supplemented, starting in 1923, with the development of a range of issues that made up the notion of a mass movement. Sun Yatsen's course at organising the popular masses and his attempts toward including it, in this or that form and with certain restrictions, into the sphere of his policy promoted the expansion of the Guomindang's influence over the territory of the Canton revolutionary base, made it easier for the Guomindang to establish its government in July 1925 and thus provided the party with conditions for preparing the military campaign against the militarists of the North. However, one should admit that the reorganisation of both the party and the army, conceived by Sun Yatsen as employing the organisational experience of the Communist Party of the Soviet Union (Bolsheviks) and structural patterns of the Soviet Armed Forces,<sup>37</sup> was successful only in part. The Guomindang army, although after the reorganisation it emerged more centralised structurally than the militaristic armies, better educated and politically trained (this, however, mainly applies to its officers) and enjoyed a more or less friendly attitude of the civilian population, still remained an army with strong centrifugal separatist tendencies and a generally low level of revolutionary consciousness.

The very fact that Sun Yatsen took up, starting in 1923, the issue of

<sup>36</sup> See *Ibid.*, pp. 699-703.

<sup>37</sup> See *Ibid.*, pp. 327, 329.

providing a "mass" foundation for his political programme of state construction was closely linked with Sun's putting forward *new slogans of the revolutionary movement*.

Under the influence of the 1917 Great October Socialist Revolution in Russia Sun Yatsen came to the conviction that a revival of the party and even limited popular support for its activities could be possible only with a powerful militant and mobilising slogan.

The revolutionary movement of the post-Xinhai decade—"in defense of the republic" and "in defense of the constitution"—in which Sun Yatsen and his associates took part, included struggle against the danger of restoration of the monarchy.

Having exhausted the possibilities of the struggle "in defense of the constitution", in October 1919 Sun Yatsen arrived at the conclusion that another revolution was needed in China, whose aim was not just to bring back the Provisional constitution of 1912, but to create a new political system outlined in the main in his principle of people's government.<sup>38</sup> That principle actually included the state construction plan. The theory of "the four rights of the people"—suffrage, the right to initiate legislation, the right to conduct referendums, and the right to remove officials from their posts—is the core of the principle of people's government, and Sun Yatsen never regarded that theory separately from "the state construction plan". The exercise of "the four rights of the people" was planned by Sun Yatsen to take place during the period of political guardianship and was closely linked with establishment of district self-government, "through which people's government is directly exercised".<sup>39</sup> "The revolution," Sun Yatsen pointed out, "should be conducted under the banner of struggle for people's government, since the reason for foreign economic and political pressure is 'China's bad policy' and the weakness of the government".<sup>40</sup>

In practice, the slogan of struggle for consolidation of the principle of people's government was like a call to fight against militarism. However, in the revolutionary movement of the 1920s that slogan could be effective only in combination with the slogan of struggle against imperialist aggression in China, and the latter slogan determined a new interpretation of the principle of nationalism by Sun Yatsen. In his opinion, "the principle of nationalism means struggle for elimination of inequality, spearheaded against external forces, while the principle of people's government means struggle for elimination of inequality, spearheaded against internal forces".<sup>41</sup> Sun Yatsen realised that China was subject not only to economic oppression but also to political pressure from imperialist powers, but he believed that the toughest and the most dangerous to China was economic oppression by imperialist powers.<sup>42</sup> Sun Yatsen's works clearly formulate the idea that implementation of the principle of nationalism must be preceded by implementation of the principle of people's government and that a political revolution should come before a national revolution.<sup>43</sup>

The advancement of the slogans of struggle against imperialism and militarism promoted the expansion of the Guomindang's social and political basis. Sun Yatsen believed that the Chinese revolution should feature a correlation of the three following aspects: anti-imperialist (the principle of nationalism),<sup>44</sup> political (the principle of people's government), and

<sup>38</sup> *Ibid.*, pp. 287-290.

<sup>39</sup> *Ibid.*, p. 655.

<sup>40</sup> *Ibid.*, pp. 490, 492, 493.

<sup>41</sup> *Ibid.*, p. 631.

<sup>42</sup> See *Ibid.*, pp. 436, 492-493, 619.

<sup>43</sup> See *Ibid.*, p. 647.

<sup>44</sup> For more information see S. L. Tikhvinsky, *Sun Yatsen—a Chinese Revolutionary Democrat*.

social (the principle of people's well-being). The success of Sun Yatsen's programme to reorganise the party (the course proclaimed by the 1st congress of the Guomindang), its transformation into a well-organised and disciplined party advocating anti-imperialist and anti-militaristic slogans in the revolutionary movement and working to build a state on the "party-rules-the-state" principle were largely due to Soviet assistance in building an army subordinate to party leadership.<sup>45</sup>

**S**un Yatsen's decision to form a united front with the Communists was in line with his course of struggle against imperialist aggression in China and efforts to expand the social basis of the Guomindang. That decision was implemented in two forms: first, members of the Communist Party of China were permitted to join the Guomindang, and second, the Communist Party pursued its own activities and was allowed to operate legally on the territory controlled by the Canton government. The historical significance of the work of the Communist Party of China and the Communist members of the Guomindang for the national revolution of 1925-1927 is examined in surveys by V. I. Glunin. The support given to the policy of the Canton government and later the National government by various strata of Chinese society was largely a result of Chinese Communists' selfless work with the popular masses.<sup>46</sup> The efforts of the CPC and the Communist members of the Guomindang that had the greatest effect and were approved of by Sun Yatsen and the Guomindang had to do with organisation of strikes, rallies, and demonstrations featuring anti-imperialist slogans, for the purpose of exerting pressure on imperialist powers in foreign policy matters.

At the same time it is quite obvious that the CPC's efforts in organising workers' and peasants' independent protests to promote their own interests, even on a minimum scale in terms of class struggle, like demands to lower taxes or regulate factory legislation, were more than Sun Yatsen and the Guomindang were prepared to accept.

When Sun Yatsen permitted Communists to join the Guomindang, this implied that they would follow his general political guidelines and obey his directives concerning the mass movement. The Communists were to follow the course toward what Sun termed "a political revolution", which was anti-militaristic and—throughout the military phase of state construction—narrowly anti-imperialist and in which a certain minimum of social transformations was possible.

The Guomindang and the CPC had, to a certain extent, common revolutionary aims, i.e., struggle against militarism and imperialism. They had a common political slogan—the convocation of the National Assembly. And when Communists joined the Guomindang, the two parties achieved community of organisation. But their approaches to ways and means of accomplishing the revolution were different. The political guidelines of the Guomindang may be summed up as follows: struggle against imperialism and militarism as the global goal of the Chinese revolution; the general political slogan of the revolution is the creation of a republic founded on "the three popular principles" and of a five-government constitution; the immediate political slogan is the convocation of the National Assembly, as a military revolutionary slogan; the leading role of the Guomindang and its government in the revolution; the military way of China's unification; the army as the party's main support in the revolu-

<sup>45</sup> See A. Kartunova, *V. Blyukher in China, 1924-1927...*, pp. 72-216.

<sup>46</sup> See the above-listed works by V. I. Glunin.

tion; the role of the popular movement in the revolution is subordinate to the Guomindang's policy; implementation of the programme of general democratic and social transformations is to be carried out after the Guomindang gains political power throughout China.

The Communist Party of China regarded the worker and peasant masses organised into unions as the main motive forces of the revolution, and the Guomindang government and its army received a secondary role. To the Communist Party of China, the demands for lower taxes and rents and for other democratic transformations in combination with slogans of mobilising the masses in the provinces, including the possibility of staging armed uprisings and establishing local governments of the people which carry out a programme of democratic changes were demands of the current stage of the revolution.<sup>47</sup>

In the light of this, the break of the united front with the Communists by the Guomindang in 1927 appears to be not only a result of the objective growth and intensification of class struggle within the front in the course of the expansion and deepening of the revolution,<sup>48</sup> but, above all, a result of the fact that the two parties had different views concerning the motive forces and the forms of the revolution.

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Apart from the military revolution plan, the political theory and practices of Sun Yatsen included attempts to unite China by peaceful parliamentary means. It is significant for the characterisation of Sun Yatsen's views that he was prepared to take any opportunity to alter the political system and do away with militarism as soon and as smoothly as possible. In the autumn of 1924, Sun Yatsen said he was ready to give up everything that had been achieved on the way of military revolution preparations in favour of a peaceful unification of the country.<sup>49</sup> In his Testament of March 11 Sun Yatsen reiterated his desire to unite China peacefully.<sup>50</sup> As he set priorities for internal-policy tasks to be handled by the National Assembly under the plans for China's peaceful unification, Sun Yatsen gave prominence neither to introduction of democratic freedoms of the bourgeois type, nor to the execution of social and class transformations, but to problems that concerned the entire nation, i. e., reorganisation of the armed forces and reduction of their strength, with military governors to be abolished, while soldiers were to become workers<sup>51</sup> and start acting to undermine the system of militarism in China.

As he moved the idea to convene the National Assembly as a peaceful unification slogan, Sun Yatsen pointed out that the second provision of the programme currently to be given top priority had to do with foreign policy matters.<sup>52</sup> Addressing a press-conference in Shanghai on November 19, 1924, Sun Yatsen said this, "When I speak about foreign policy matters in Peking, I will insist on cancellation of all inequitable treaties, on the return of customs autonomy and concessions to China, and on abrogation of the consular jurisdiction".<sup>53</sup>

Thus, both in the plans for a military development of the revolution and in the programme of a peaceful unification of the country, Sun Yat-

<sup>47</sup> See *Xiangdao*, July 14, 1926, No. 163, p. 1616-1621.

<sup>48</sup> See *The Modern History of China, 1917-1927*.

<sup>49</sup> See Sun Yatsen, *Selected Works...*, pp. 704-715.

<sup>50</sup> See *Ibid.*, p. 741.

<sup>51</sup> See *Ibid.*, pp. 708-709.

<sup>52</sup> See *Ibid.*, p. 709.

<sup>53</sup> *Ibid.*, p. 710.

sen's social and political orientations placed the emphasis on handling the problems that concerned the entire nation, namely, reorganisation and centralisation of the armed forces and the military establishment, the finances, and the administrative apparatus. According to Sun Yatsen, a solution of these problems would make for stabilisation of the general situation in the country and would pave the way for implementation of "the three popular principles". The first and rather successful attempt to put into effect Sun Yatsen's social and political programme was made on a local scale—in the territory of the Canton revolutionary base. The efforts to strengthen the Guomindang state system in Guangdong, which started when Sun Yatsen was still alive, provided the foundation for the successful accomplishment of the Northern Expedition which was the basic guideline of the Guomindang-led revolutionary movement.

The policy of the Guomindang in the 1920s, before and after Sun Yatsen's death and up to the start of the Northern Expedition (in the summer of 1926), was generally in tune with Sun's views on the goals, the motive forces, and the form of the revolution. On the whole, it featured the military way of China's unification and did not disagree with Sun Yatsen's three-phase state construction plans. However, by the start of the Northern Expedition there emerged a number of traits in the Guomindang's policy that made it different, though not essentially, from the political theory and practices of Sun Yatsen: 1) the idea of a National Assembly, which Sun Yatsen employed as a political slogan only in the peaceful unification plans, turned into a civil war slogan; 2) demagoguery became more and more pronounced in the political slogans by the Guomindang, including the propaganda of a National Assembly, anti-imperialist slogans, and the role of the popular masses in the revolution; 3) Sun Yatsen considered liberation of the working people from class exploitation to be the primary, though distant, goal of the revolution, but after Sun Yatsen the problem was not raised in the Guomindang's documents.

The historical significance of Sun Yatsen's teaching is tremendous. In creating the teaching about "the three popular principles", he outlined his party's political programme.

By advocating the slogan of struggle against militarism, Sun Yatsen and his party objectively set forth the slogan of struggle against feudal forms of government and promoted the prospect of releasing the country's productive forces, if only in part, from the state of impasse and stagnation. Sun Yatsen's programme of organising a centralised military, administrative, financial, and economic system makes up the self-contained content of a clear-cut stage of revolutionary development, i. e., a military phase of state construction that China should go through before coming to transformations of bourgeois-democratic nature.

In putting forward his anti-imperialist programme, Sun Yatsen largely determined its national liberation character.

The fact that the Guomindang's programme adopted by its 1st congress in 1924 included demands for freedom of assembly, freedom of speech, freedom of the press, and the right of ethnic minorities to self-determination<sup>54</sup> added a bourgeois-democratic dimension to the anti-feudal national liberation movement of the 1920s. This complex interlacing of trends of struggle in the 1920s made the revolutionary movement there very special in nature, and Sun Yatsen was faced with complex tasks which he tried to handle in cooperation with the Communist Party of China and leaning on the revolutionary experience of the Communist Party of the world's first socialist state.

The revolutionary policy of Sun Yatsen, a revolutionary democrat and

<sup>54</sup> See *Ibid.*, p. 367.

ideologist of a public welfare society, is solidly linked with the idea of friendship with the Soviet Union, and in his lifetime that idea was steadily put into reality. The alliance with the USSR, being Sun Yatsen's main foreign policy guideline for the Chinese revolutionary movement, enhanced the general democratic trends of the Chinese revolution. How profound the meaning is in the following words of Sun Yatsen, "The time will come when the Soviet Union, as the best friend and ally, will salute a powerful and free China, when in the great battle for the freedom of the oppressed nations of the world the two countries will go forward hand in hand and win victory".<sup>55</sup>

The ideas of struggle against imperialism and militarism, the trend of getting popular masses involved in revolutionary movement, the definition of the Chinese revolution's fundamental connection with the support and assistance of the Soviet Union inherent in the theory and revolutionary experience of Sun Yatsen have been and continue to be developed at the current stage of the universal revolutionary process and have been put into reality in a number of countries that follow the non-capitalist path.

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## JAPAN'S SITUATION BEFORE, DURING WORLD WAR II DESCRIBED

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[Article by Professor I. A. Latyshev, doctor of historical sciences: "Japan Before and During World War II"]

Soviet historians specialising in Japanese studies regard the First World War and the 1917 Great October Socialist Revolution in Russia as a crucial landmark. Japanese imperialism, comparatively young, appeared to be on the upswing, but, suddenly encountering serious internal difficulties precisely at that time, it lost stability. More than that, the signs of crisis in Japan's economy and public life manifested themselves more acutely than in such imperialist countries as the United States or Britain. This was due to Japanese imperialism's relative weakness. In the course of its rapid growth during the preceding years it had failed to fully dismantle the old socio-economic structure and was plagued by numerous vestiges of the feudal past.

Thus, the preservation of semi-feudal landownership, with its typical fettering terms of land rent and its mass of landless and pauper peasants, was a salient feature of the economic structure of Japanese imperialism. There also remained visible traits of the feudal past in the system of hiring labour at industrial enterprises: their manifestation was especially noticeable in paternalism and the extremely low, semi-colonial level of wages of most Japanese working people. In the period under review the poverty of the peasants and the workers in the country was a source of deep dissatisfaction on the part of Japanese population with its condition.

The limited scope of the domestic market, another weakness of Japanese imperialism, was also due to the vestiges of feudal relations. The striving of Japanese monopoly circles to seize ever new foreign markets was rooted in this. For the same reason Japan was especially hurt by the plummeting demand, the worsening of market conditions and other economic troubles which the world economic crisis of 1929-1933 brought about.

The remains of feudalism also had a serious effect on the state system and the country's political life. Suffice it to recall that the state system in Japan was not a bourgeois republic or a parliamentary monarchy, but an absolutist monarchy in which the imperial court was paramount in respect to all other state institutions; the titled aristocracy, the military and the bureaucracy were in a privileged position in the country's public life; parliament and other elective bodies were relatively weak, the bourgeois-democratic freedoms were extremely limited while the masses hardly had any political rights at all. Another negative trait of feudalism was that Japan's military leaders, the majority belonging to samurai clans (Satsuma and Tyoshu), had played a much more independent role in the country's state and political affairs than the then military circles of the United States or Britain. This made it easier for the Japanese military, prone as they were to engage in all sorts of military ventures, to draw the country into armed conflicts and wars.

But the further Japanese imperialism advanced along the road of economic and military aggression, the more sharply its interests clashed with the national interests of the peoples of neighbouring countries as well as the interests of other imperialist powers that objected to Japan's seizure of various spheres of their influence. All this gradually brought about an



aggravation of Japan's relations with other countries and international conflicts in the Far East.

But evidently the mighty storm of revolutionary, anti-bourgeois, communist ideas, that spread throughout the world as a result of the origination of the world's first workers' and peasants' state, was the most substantial factor that undermined the mainstays of Japanese ruling circles' dominance in the 1920s and 1930s. The revolution in Russia was followed by revolutions in Germany and Hungary, the revolutionary movement encompassed many areas of the world, including the Far East. The establishment of Soviet power in the Maritime Territory and then in other parts of Russia located in close vicinity to Japan, the anti-Japanese popular uprising in Korea in 1919, the people's democratic revolution in Mongolia and then the revolution of 1925-1927 in China—these events injected a new stream of agitation into the then public life and the popular sentiment in Japan, which generated explosive political processes in the Japanese capitalist society. This was proved, for instance, by the mass rice riots throughout Japan in 1918, the unprecedented upsurge of workers strikes, the origination of "dangerous" revolutionary thoughts among the population and emergence of political organisations, opposing the existing system, such as the Communist Party of Japan. Under pressure from the exponents of the democratisation of the country's political structure, the champions of absolute monarchy had to surrender some of their positions. There were certain changes in Japanese political life early in the 1920s: more people got the right to vote, the influence of parliamentary political parties on politics increased; various progressive organisations and intellectual circles intensified their activities. Some historians described these changes as a "flourishing of democracy in the 1920s". Japan's rulers, meanwhile, and not without reason, discerned in them a threat to their domination and to the existing system of the absolute monarchy.

This generated a feeling of mounting crisis among Japan's ruling circles. Those who wanted to preserve the existing system; in particular the military, began to feel it necessary to stabilise the situation somehow and thereby consolidate the rule of the bloc of monopoly bourgeoisie and landowners.<sup>1</sup>

What path did Japanese imperialism take in the 1930s and 1940s? Actually the same as the ruling circles in Germany, Italy and other capitalist countries where the economic, class and political contradictions were especially acute and where the ruling circles faced the prospect of a revolutionary explosion. It was the path of violent suppression, by the authorities, of the resistance to the reaction's offensive on the masses, of openly liquidating those limited bourgeois freedoms that had been honoured by the government to some extent in the 1920s. This process ended in fascism and the total militarisation of public life and the establishment of an undisguised military-fascist dictatorship in the country by 1940. As far as Japan's foreign policy at that time was concerned, it comprised a continuous chain of military ventures that brought Japan into military clashes with China, Mongolia and the Soviet Union in the 1930s and, in 1941-1945, into war with the United States, Britain and the other countries allied with them.

In this connection the question arises: how did Japan's ruling circles succeed in foisting their policy on the Japanese people, why did that country's popular masses succumb to this course which did not accord with their fundamental interests in any way and, moreover, drew the country into a military catastrophe with its tragic consequences for millions of Japanese?

When furnishing an answer to this question one should not forget, of

<sup>1</sup> See *Japanese Capitalism Between the Two World Wars*, Tokyo, 1979, pp. 263-264.

course, that Japan's transition to the road of fascism, militarism and military ventures was by no means a smooth one, that late in the 1920s and early 1930s the exponents of war and fascism encountered a stubborn resistance to their policy from anti-war, anti-fascist forces, from the Communist Party of Japan, other left-wing parties, workers' trade unions and the progressive intellectuals. But the alignment of forces, alas, did not favour the latter, as a result, the opponents of militarism and fascism were subjected to cruel repressions while their organisations were crushed.

In order to understand the causes of the defeat suffered by the democratic forces one should remember the extremely unfavourable conditions in which they waged a struggle against the offensive of reaction. Because of the narrow and extremely limited scope of the institutions of bourgeois democracy, Japan's progressive public was denied the legal ways and means of struggle that, say, the working people of Britain and France had during the same years. At the same time, in its struggle against the working people the Japanese reactionary camp had comparatively greater possibilities than, for instance, the reactionary forces in France, Britain or the United States. The reactionary forces in Japan had at their service a powerful military-and-police machinery of the absolute monarchy that played a much greater role and was much more independent than in other capitalist states.

The Japanese working class was rather poorly organised in the 1930s which was one of the reasons for the victory of reaction in that period. The trade unions of Japanese workers were, for the most part, small and poorly united. Their members comprised not more than 6 or 7 per cent of the entire Japanese proletariat. Besides, the leadership of most trade unions toed the line of the secret agents of the bourgeoisie in the working-class movement—of social-chauvinists who preached conciliation between labour and capital, betrayed the interests of workers and cleared the road for fascism. This is exactly why the strike struggle in Japan, even at its peak periods and in conditions of extremely sharp class contradictions, developed on a smaller scale than, say, the strike struggle in France or the United States, though the economic position of Japanese workers was generally much worse than that of French or American ones. For the same reason the strike struggle of Japanese workers was often conducted under economic slogans and in most cases was not linked with struggle against the advancing fascist reaction.

Another reason for the weakness of Japan's democratic forces in the struggle against the reaction and the war danger was that the vanguard of the Japanese working class—the Communist Party—was at the time decimated by unceasing repressions and, beginning in 1935, had no centralised leadership. Marxist-Leninist ideology at the time had spread among the foremost sections of the proletariat and intelligentsia, but had not yet been embraced by the broad strata of working people, which fact also played a substantial role. At the time Japan's popular masses still lacked sufficient political experience; the majority of Japan's population was influenced by chauvinistic, nationalistic prejudices and illusions about the monarchy.<sup>2</sup> All of this added up to allowing the country's imperialist ruling circles to impose their will on the Japanese people and draw them into the channel of its policy.

What was the true class essence of Japan's state system and policy on the eve and during the Second World War?

In my opinion, this system was nothing but a fascist dictatorship of the most reactionary and aggressive groupings of the Japanese monopoly bourgeoisie, implemented in alliance with the semi-feudal landowners.

Sometimes in Western literature and the works of Japanese conserva-

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<sup>2</sup> See K. Eguchi, *Lectures on History of Japan*, Vol. 7, Tokyo, 1977, pp. 231-252.

tive historians, state power in Japan in the 1930s and the first half of the 1940s is portrayed as a dictatorship of a handful of military adventurers who, in the process of the country's militarisation, had usurped power from all the other "moderate" groupings of the ruling clique, be it the court bureaucracy, the financial bourgeoisie or parliamentary politicians. The supporters of this version put blame for the military conflagration provoked by Japan in the Far East in those years on the militarists from Tojo's clique who were obsessed with raving and almost "anti-capitalist" ideas and who had taken the upper hand in the country's politics instead of business or financial circles.<sup>3</sup>

But an attentive analysis of events and facts shows the untenability of such versions. The military in Japan had never been a force opposed to the other groupings in the ruling clique. They were always linked with the emperor, the aristocracy, the landowners and the financial circles. Though, at first glance, independent in their actions, the army and navy leaders were firmly bound to Japan's financial tycoons, including especially both the "old" and the "new" (i. e., Manchurian) concerns. All attempts by Western historians, when describing the in-fighting in Japan's ruling clique, to present the military leaders as being at odds with these concerns are groundless, they simplify and distort reality.

The ties of the military circles with the financial tycoons became the closer the further Japanese imperialism advanced along the road of aggression. Neither do the more serious American researchers deny the community of interests and actions of the financial and military circles. For instance, in his thorough study *Japan's War Economy* Thomas Bisson wrote that the myth about the implacable enmity between the *zaibatsu* and the militarists was a result both of a deliberate deception and of an absence of the most rudimentary knowledge about Japan's economic life. Many still think, he wrote further, that, on the Japanese stage the *zaibatsu* and the military occupied widely spaced independent places, but that is wrong. Both groupings were unusually closely intertwined and many army and navy officers held leading positions in *zaibatsu* concerns, Bisson states. And only now, after the war, has it become known that Tojo, who was invariably presented as a "pure militarist", had made a fortune on joint machinations with *zaibatsu*.<sup>4</sup>

Reports clearly pointing to the pressure put by *zaibatsu* on government and political circles with the aim of further expanding Japan's aggression overseas and securing a corresponding rearrangement of its political structure, frequently appeared in the Domei Jumbo bulletins that were published every ten days by the Domei Tsushin agency in Japan in 1940-1941. Thus, in August 1940, when fascist Germany had been completing the rout of France, the bulletin reported that Japan's financial circles were "attentively following" the events in Europe and "demanding a speedier creation of an autarchic economic system in East Asia". In those years this meant the undivided dominance of Japanese imperialism in that part of the world. The following was also reported in the bulletin concerning the thinking of the financial leaders: "It is reckoned that the struggle for colonial and other markets will aggravate more than before. To cope with this course of events, it is believed absolutely necessary to establish a new state structure".<sup>5</sup> The Japanese financial leaders viewed the "new structure" first of all as preparing the country's logistics for the struggle for markets; that is, for war with the aim of recarving the world.

Declarations made by Premier Konoe, who had come to power at the

<sup>3</sup> See H. Lory, *Japan's Military Masters. The Army in Japanese Life*, New York, 1943; K. Masuo, *The Lost War. A Japanese Reporter's Inside Story*, New York, 1946, pp. 168-169.

<sup>4</sup> T. Bisson, *Japan's War Economy*, Moscow, 1949.

<sup>5</sup> *Domei Jumbo*, 1940, No. 8, pp. 1994-1995.

time as the leader of the exponents of the "new structure", were an indicator of the clearly aggressive aims pursued by the organisers of the movement for the "new structure". "The empire's state policy", a declaration of the Konoe cabinet on August 1, 1940, read "is to be based on the great spirit of our country embodied in the principle of eight corners under one roof.... On this basis it is necessary first of all to build a new order in the great East Asia, of which the firm alliance of Japan, Manchuria and China should become the centre..." The declaration stressed further on that Japan's top priority task was to "establish a sphere of a joint economy encompassing the great East Asia with Japan, Manchuria and China in the centre". A statement by the Foreign Minister in the Konoe cabinet, Yosuke Matsuoki, was published on the same day, August 1, 1940. It said that "to create a sphere of co-prosperity of great East Asia with the Japan-Manchuria-China grouping serving as one of its elements" was the immediate aim of Japan's foreign policy.<sup>6</sup> As it transpired later, the expression "eight corners under one roof", "new order in East Asia" and "a sphere of co-prosperity of great East Asia", became Japanese imperialism's main slogans, a quintessence of its course of seizing neighbouring countries with the aim of establishing Japan's domination over the world.

Japan's financial circles also obviously approved of the creation of the Tojo cabinet in which the military got dictatorial powers, since at that moment the financial leaders regarded Tojo and his associates as the most suitable personalities for the attainment of their aims. As it was reported at the time by Domei Tsushin agency, "in the face of the present situation, that does not allow even for momentary waverings and hesitation, the financial world expresses its unanimous approval of the rapidly formed new cabinet that intends to unite political and military questions into a single whole..."<sup>7</sup> The true aggressive, militaristic essence of Japanese imperialism patently manifested itself in this union of financial leaders with military dictators. In their present-day studies Japanese Marxist historians provide us with a wealth of information exposing the leading role of monopolies in switching Japan to military rails and in the establishment of the fascist regime there. An example is presented by Professor Fumio Moria's book *The History of the Development of Japanese Capitalism* in which the author demonstrates the tremendous profits made by the Japanese monopolies in the process of unleashing the Second World War.<sup>8</sup>

Some works by foreign and Japanese historians contend that the political regime established by Japan's ruling circles during the Second World War was allegedly not a fascist one but some sort of a purely "Japanese" variety of a dictatorship. This viewpoint is typical, for instance, of a group of American Japanologists who support the "modernisation theory" and prefer to describe the regime that existed in Japan during the war as a regime of "militarists". As for Japanese historians, it is clear from their publications that there is no unity on this matter even among Marxist historians: some regard the political regime in Japan in the late 1930s and early 1940s either simply as "fascism" or "imperial fascism" while others are not inclined to consider that Japan was a fascist state then, preferring to use other terminology, such as "absolutism".<sup>9</sup>

Big differences of a conceptual nature are concealed behind these seemingly insignificant terminological differences, however. Whether Japan had become a fascist state at that period or not is a question of fundamental importance from the viewpoint of understanding world historical pro-

<sup>6</sup> *Domei Jumbo*, No. 22, 1940, p. 2442.

<sup>7</sup> *Ibid.*, No. 29, 1941, p. 3003.

<sup>8</sup> See F. Moria, *The History of the Development of Japanese Capitalism*, Aoki Syoten, Tokyo, 1970 (in Japanese).

<sup>9</sup> See *Fundamental Knowledge of Japan's Contemporary History*, Tokyo, 1984, pp. 448-449 (in Japanese).

cesses going on during our epoch. The author of this article is convinced of this. I am also sure that Japan, during the Second World War (at least since the establishment of the so-called "new political structure", *shintaisei*), was nothing but a fascist state possessing the same important distinguishing features as were displayed by Hitler's Germany and Mussolini's Italy. The following are the considerations which brought me to this conclusion.

Let us first turn to the foreign policy of Japan's ruling clique during this period. Its obvious similarity with the foreign policies of the then fascist countries in Europe (Italy, Germany, etc.) is revealed by the very first glance. As in those countries, Japan's ruling circles were steadily expanding their aggression with the aim of an imperialist recarving of the entire world.

Like the fascist rulers in Europe, Japan's rulers deeply hated the Soviet Union, the country of victorious socialism, and were preparing for war against it in alliance with Germany and Italy. For both the Japanese rulers and the European fascists, war was the main instrument for solving internal and external contradictions.

An obvious similarity with fascist countries was observed also in the Japanese government's domestic policy directed at preparing the home front for new imperialist wars. This characteristic aim of fascist regimes was pursued by all sorts of reactionary measures taken, during that time, by the authorities in the economy, politics and ideology under the slogan of establishing a "state structure of the strongest defence".<sup>10</sup>

Essentially, all the methods used by the Japanese authorities to prepare the Japanese rear for the war to recarve the world, in no way differed from the fascist ones. The establishment of the "state structure of the strongest defence" in the economic sphere, brought about the accelerated militarisation of the entire national economy in the course of which the Japanese monopolies unleashed a massive offensive against the living standards of the working masses, just as in Hitler's Germany. All the machinations by the Japanese authorities under the slogan of the "new economic structure" with the aim of making the Japanese working people the serfs of production concerns (for instance, the "mobilisation" of workers to do forced labour, the forcible attachment of workers to definite enterprises, etc.) were not original and differed little from similar measures taken by the fascist authorities in Germany. Speaking of economics, state power in Japan facilitated in every way the expansion of the sway of monopolies which subordinated or absorbed small and medium enterprises, as was the case with the fascist regimes in Europe. In political terms, the establishment of the "new political structure" was the most substantial measure taken by Japan's ruling circles inside the country. It is noteworthy that this campaign was carried out not only under the flag of struggle against communism but also under the flag of openly rejecting all principles of bourgeois democracy and bourgeois liberalism. After the "new structure" was set up all the constitutional agencies and bourgeois freedoms that had existed in Japan were either destroyed or lost their former importance. All political parties were disbanded, workers' trade unions banished and the role of parliament actually reduced to nil. Criticism of the government ceased to sound in parliament and even the "moderate-liberal" circles of bourgeois politicians and intellectuals were forced into silence. From that time on all-out police terror was directed not only against revolutionary elements (Communists, class-conscious workers, etc.) but also against anybody who was in opposition to the government.

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<sup>10</sup> See *Shuho*, Oct. 7, 1940, p. 13.

All of this, in fact, was simply a repetition of what had happened in Italy after Mussolini came to power, in Germany after Hitler came to power and in Spain after the establishment of Franco's fascist dictatorship. Just like in those countries the entire press in Japan was put under the authorities' control and turned into a means of deceiving and confusing the population. Like Hitler, Tojo exclaimed that "the people are stupid and if they are told the truth their spirit will be undermined".<sup>11</sup>

The identical nature of the methods used to establish the "new structure" in Japan and the fascist regimes in Europe could not but be recognised by those bourgeois authors who encountered Japanese reality after first studying the course of events in the European fascist countries. The American journalist Otto Tolischus, who came to Japan in 1941 from Nazi Germany, where he had spent the previous years, wrote that as he was getting more familiar with Japan, he realised that Japanese militarists and ultra-nationalists sought to turn Japan into a totalitarian state which they considered a necessary condition for conquering the world; they wanted this state to be similar to that built by Hitler in Germany, using the same methods. The same campaign against liberalism, democracy, capitalism, communism, materialism and individualism was being carried out in Japan, Tolischus continued. All these ideas were, using Hitler's words, "dangerous", and were explained to the Japanese to be a harmful influence of the West.<sup>12</sup>

The similarity of the policy of Japan's ruling clique with that of the fascist rulers in Europe was not a chance one. This similarity was determined first of all by the fact that the policy of the former and the latter expressed the interests of the ruling classes. Standing behind the back of Hitler, Mussolini, Franco, Horthy, Antonescu and other fascist "dictators" were the same class forces as behind the back of the military "dictator" Tojo. These were the most reactionary, chauvinistic and imperialist groupings of the ruling classes and within them, it was the barons of financial capital, both in Europe and in Japan, that had the decisive influence. The contentions by some Western "theoreticians" about the supposedly supra-class nature of fascist power or the transfer of power into the hands of the petty bourgeoisie under fascism are a distortion of reality. In my view the most precise definition of fascism was given in Georgy Dimitrov's speech at the 7th Congress of the Comintern in 1935. He said, in part, that "fascism is not a supra-class power, or the power of the petty bourgeoisie or lumpen proletariat over financial capital. Fascism is the power of the financial capital itself".<sup>13</sup>

But in Japan, just as in a number of fascist countries in Europe, the financial capital that operated behind the back of various "dictators", effected its power in alliance with semi-feudal class groups and strata that remained in these particular countries. Whereas in Germany these were the landed Junkers; in Italy and Spain, the big landowners, the titled aristocracy, the clergy, etc.—in Japan these were the landowners, the court aristocracy, the privileged bureaucrats and the military circles that retained, to a certain extent, samurai concepts and mode of behaviour. It was the block of financial tycoons, combined with such semi-feudal forces (in which the decisive role belonged to the moneybags), that determined the direction, methods and forms of the policy of those who headed the government apparatus in Japan.

Here one should remember the definite similarity of the historic situation in Japan and the fascist countries of Europe on the eve of the

<sup>11</sup> S. Mori, *The Twenty Stormy Years*, Vol. 2, Tokyo, 1946, p. 13 (in Japanese).

<sup>12</sup> O. Tolischus, *Tokyo Record*, New York, 1943, p. 66.

<sup>13</sup> G. Dimitrov, *The Offensive of Fascism and the Tasks of the Communist International in the Struggle for Unity of the Working Class Against Fascism*, Moscow, 1935, p. 11.

Second World War. In both instances the situation was characterised by an unprecedented deepening of imperialist contradictions, the rapid growth of the revolutionary movement and the inability of the ruling circles to retain their power on the basis of bourgeois parliamentarism. It was these circumstances that drove the ruling circles of European countries to fascism as the last means of retaining their domination that had been shattered. The same circumstances also prompted Japan's ruling circles to destroy the last traces of bourgeois democracy and to establish an openly terroristic military dictatorship in the form of the "new structure". The policy of Japan's ruling circles, therefore, was similar to the fascist ones because all of them reflected the interests of the same class forces. This policy was generated by the same economic, social and political causes and was directed at solving the same tasks.

It follows from this that the similarity of the policy pursued by Japan's rulers with that of the fascist dictators in Europe was certainly not only an outward one. All the reactionary measures carried out in Japan at the beginning of the Second World War under the slogans of "serving the homeland through production", of establishing the "new political structure", etc., were essentially typically fascist measures and were nothing but the completion of the transformation of the Japanese state system into a fascist one.

During this time, proceeding from demagogical considerations, Japanese official propaganda refused to identify the "new political structure" with fascism.<sup>14</sup> The political dealers heading the Japanese government wanted to present themselves not as dull imitators of the nazis and Italian fascists but as founders of some new state system typical only of Japan.

But behind the scenes the establishment of the "totalitarian" regime in Japan was viewed by the Japanese rulers themselves as a reorganisation of their policy along patterns set by European fascists. The military leaders were the most dedicated exponents of fascism. One of them, General Akira Muto, who was Tojio's right-hand man and played a leading role in the establishment of the "new structure", was an ardent admirer of Hitler. "In foreign policy", wrote another General, R. Tanaka, subsequently about Muto, "his ideal was the conclusion of a tripartite alliance and the establishment of close ties with nazi Germany... In domestic policy he stood for the establishment of a political system based on the principles of nazi totalitarianism with just one party in the country".<sup>15</sup>

As a result a number of state and political institutions set up in Japan in those years were obvious copies of the fascist ones in Italy and Germany, only slightly modified in accordance with the specifics of the Japanese scene. For instance, the "Association of Assistance to the Throne" was actually modelled on the Italian fascist party of the late 1920s and early 1930s. Another Japanese institution, the "Association of Great Japan for Service to the Homeland by Way of Production" was in structure, methods of operation and class content almost a carbon copy of Hitler's "work front".

Similar, or even identical, features could also be found in the then foreign policy doctrines of Japan, Germany and Italy, the idea of "great spheres" among them. H. Kunimatsu, one its promoters, wrote at the time: "The main idea of the new order in Europe is the theory of great spheres... The new order that is being built by Japan in Asia is also founded on this guiding idea".<sup>16</sup>

<sup>14</sup> See *Kaizo*, 1941, No. 3, p. 73.

<sup>15</sup> R. Tanaka, *History of the Japanese Military's Secret Struggle*, Tokyo, 1947, pp. 72, 101-102.

<sup>16</sup> H. Kunimatsu, *The Geography of the Sphere of Co-Prosperity in East Asia*, Tokyo, 1943, p. 4.

While drawing attention to the similarity of the class content, methods, aims and slogans of the policy of the Japanese ruling circles and the fascist leaders in Europe, it would be wrong to ignore rather big differences that existed between the forms of the state superstructure in Japan and, say, Hitler's Germany or fascist Italy. In these two biggest fascist states, as is known, the fascist parties had a monopoly on political power, whereas in Japan an absolute monarchy continued to retain full power just as in the preceding years. The establishment of the fascist "new structure" did not affect even a single institution of the absolute monarchy: the emperor, the privy council, the ministry of the imperial court, etc. It did not in the least curtail the prerogatives of the court, the special privileges of the military clique and the interests of the court aristocracy. The Japanese absolute monarchy remained as before the mainstay of Japan's state system, the centre of direct guidance of state policy. More than that, the role of the institutions of absolute monarchy in the country's political life increased even more after the disbandment of political parties, the suppression of the parliamentary opposition to the government and the introduction of new repressive laws in the country. In the course of the reorganisation of Japan's political system under the slogan of the "new structure" only those decorative bourgeois-democratic addenda were removed from its state apparatus and discarded that had been attached to it in the early years of Japanese capitalism. At the same time institutions of medieval despotism and absolutism remained untouched and were even cemented.

The seemingly absurd move of Japan's ruling circles to restore the medieval past during that period was prompted by a desire to turn the Japanese absolute monarchy into an apparatus of fascist dictatorship.

Actually, there is a certain continuity and, in many respects, a direct identity, which exists between fascist and medieval policy methods. The main similarity between the fascist policy of the imperialist bourgeoisie and the policy of feudal serf owners is that in both cases we see a total denial of any political rights for the people, their total removal from participation in policy-making. In this respect fascism as a policy is a return of the imperialist bourgeoisie to medieval, feudal methods of domination and, consequently, to a revival of these methods.

The main specificity of the fascist regime in Japan was the absolute monarchy serving as its form while the leaders of the military were those who mostly played the role of fascist dictators. That is why in publications by Soviet Japanologists the regime is usually referred to as a "military-fascist dictatorship".

It is imperative to note that big, truly historic changes have taken place in Japan in the postwar period. Such vestiges of feudalism as big landownership, privileges of the aristocracy, the special position of the military circles, etc., were liquidated as a result of the postwar democratic reforms. Today constitutional monarchy is the state system in Japan. The main role in solving questions of state policy is now played by parliament and the cabinet of ministers. The Japanese people now have much greater constitutional rights and freedoms than before, and their influence on politics through parties of the parliamentary opposition, the trade unions and the press, is incomparably greater than before.

But contemporary Japan remains an imperialist country, the interests and ambitions of the monopoly bourgeoisie continue to dominate its state structure and political scene. This circumstance does not allow us to rule out the possibility of Japanese policy returning to the path of militarism and fascism. Such a turn of events, no doubt, would be fraught with tragic consequences both for the people of Japan and for the peoples of other countries.



## CHINESE HISTORIAN ON ERA OF 'IMPERIALIST AGGRESSION' IN CHINA

Moscow FAR EASTERN AFFAIRS in English No 2, 1986 pp 123-127

[Excerpts from book "Imperialism and China's Policies" by Hu Sheng, historian, philosopher and president of the PRC Academy of Social Sciences, Beijing, 1949]

Hu Sheng is an eminent Chinese historian and philosopher and, since 1985, President of the Academy of Social Sciences of China. Hereafter we offer some extracts from his book, *Imperialism and China's Policies* (Peking, 1949).

Hu Sheng is the author of books on China's modern history, philosophy (including dialectical and historical materialism), and the history of the evolution of China's philosophical thought. His theory of the academic division of China's modern history into periods was well received in the PRC. It is based on the criterion of the class struggle. Hu Sheng's book, *Imperialism and China's Policies*, is well known in the country. Its Russian version was published in the USSR in 1951 under the title, *Imperialist Powers' Aggression in China*. The assessment of imperialism's policies with respect to China, given by Hu Sheng in his book, has not lost its edge.

During the "cultural revolution" Hu Sheng's works were hushed. He resumed his creative activity only in 1973 and the year 1980 saw the publication of a monograph, *From the Opium Wars to the May 4th Movement*. Methodologically, it is based on the above concept of China's historical periods. In a recent notable article, "The Method of Research and the Method of Presentation", published in *Guangming ribao* (January 16, 1985) he writes that historians and philosophers should not rely on assumed schemes but should analyse factual data from Marxist positions.

### HU SHENG. IMPERIALIST POWERS' AGGRESSION IN CHINA. [EXTRACTS]

The last decade of the 19th century saw a surge in the capitalist countries' industrial production and the gradual consolidation of the power of monopoly finance capital. These countries entered the age of imperialism, with their colonial ambitions having grown. They had nearly completed the division of Africa and a good portion of Asia. In China they were no longer content with the previously usurped privileges which had secured for them the marketing of their goods and the economic plundering of the country. Following the war between Japan and China, the capitalist powers launched a violent competition for concessions, for the division of China into "spheres of influence", and for the right to invest capital in China. This rivalry lasted for some 6 years.

As a result, the majority of key ports in China were made foreign concessions. Great powers obtained the right to invest capital in China's major railroad projects and to exploit its large deposits of minerals. If an imperialist power received the right to invest in the construction of a railroad section, it actually meant, as well, the granting to it of special privileges on the adjacent territory.

To legalise this "sphere of special privileges" the powers demanded that the Qing government officially recognise their right to these lands

and that it does not lease them to any other power. To avoid clashes, the powers often came to their own terms on particular spheres of influence.

By 1899, Great Britain occupied the port of Weihaiwei and brought the Yangtze River basin under its influence. Tsarist Russia seized Port Arthur and Dairen (Dalny) and proclaimed Manchuria and Mongolia as areas of its exclusive rights and privileges. Germany annexed Jiaozhou and established control over the Shandong province. The Qing government was forced by France to recognise its special rights and privileges in the Yunnan province and parts of the Guangdong and Guangxi provinces, and Guangzhouwan became its concession. Japan seized Taiwan under the Simonoseki Treaty and established its control over Korea. In addition, it forced the Qing government to declare that China would never let any other states into the Fujian province and the adjacent islands.

This is how the so-called "division of China" was accomplished....

The imperialists partitioned China in the same manner as they did Africa. In China, however, the tangle of their interests was more complex than in Africa.

The most important factor was that China's government, which had actually submitted to the foreign powers, was still capable of creating the impression of being an integral political authority in the country. The best tactics for the imperialist powers was to retain and expand their earlier privileges with the help of the Qing government and to seek mutual accord in every possible way.

Given such a situation, in 1899, the US government proposed an "open door" policy. We have not yet mentioned the US involvement in the imperialist rivalry for the division of China....

...The US suggested the "open door" policy. There was an opinion that this policy had been put forth by the United States in opposition to policies being pursued by other powers, and that China had only escaped partition because of the US proposal; that the US had acted exclusively out of its concern for the preservation of China's integrity while the other powers had nourished aggressive plans against China. All these assumptions run counter to the facts.

First and foremost, in suggesting the "open door" policy Washington did not oppose aggression in China. In fact, it wanted to join in that aggression and never disputed the European powers' "spheres of influence" but only demanded that the principle of "equal opportunities" be established. What this meant was that the US also wanted a share of the rights and privileges in China. Essentially, the "open door" policy implied that all countries should recognise the existing Chinese government and should enjoy equal rights and privileges in China.

The US writer Raid wrote in his book: "When the United States extends its authority to the Philippines, it will establish a defensive belt in the territorial waters of China. In other words, the opposite shore of the Pacific as well as this shore will be the possession of the United States. Our rights to the Pacific have already been extended and the responsibility for the enormous trade of the 20th century will rest with the US. If our policy proves correct, then, after we take hold of the Philippines, the Pacific will become the inland sea of the USA"<sup>1</sup>.

At that time Scott Nearling said: "The Philippines are as important for the USA as Jiaozhou is for Germany or Hong Kong for Great Britain"<sup>2</sup>. On January 9, 1900, US Senator Beveridge said: "The Philippines will be ours for ever.... The Philippines are the gates to the capacious markets of China. We are not going to give up either of these. We won't

<sup>1</sup> Li Xianglin, *The "Open Door" Doctrine and China*, p. 43 (in Chinese).

<sup>2</sup> *Ibid.*, p. 44.

forget our responsibility toward the archipelago. We won't miss our chance in the East"<sup>3</sup>. These pronouncements strongly testify that the US planned imperialist aggression against China. To this end, they first reinforced their authority in the Pacific, thus laying the groundwork for expansion in China, and then proposed the "open door" policy.

Did the US "open door" policy in China actually run counter to the plans of other powers? Not in the least. As soon as the United States acquainted the other interested powers with the idea, they promptly grasped it though Washington had no real authority to impose its plan on them. Essentially, the US only theoretically substantiated the concerted aggression and the basically similar policies of the foreign powers in China in the preceding 50 years.

Great Britain enjoyed the greatest privileges in China, but since it could not prevent the division of China into "spheres of influence" by the other powers, it did not oppose the principle of "equal opportunities" if only to retain its lion share of the privileges there. The document specifying the principles of the "open door" policy was initially drafted by a British customs officer and then dispatched to Washington by US Envoy in China Rockhill and handed over to the US Secretary of State.

Japan approved the US proposal. In his book, *Memoirs of a Diplomat*, Ishikawa Kikujiro wrote: "We support the policy of peace in the Eastern Sea. It is designed to prevent the division of neighbouring China by Western powers. Therefore the US government's proposal is most acceptable for Japan"<sup>4</sup>.

Actually, none of the great powers was strong enough at that time to swallow China individually and, thus, each aggressor, proceeding from its own interests, preferred to secure the *status quo* so as to avoid the danger of being ousted by others and to expand its sphere of aggression at the appropriate moment....

Imperialist aggressors were greatly frightened by the commencement of a massive anti-imperialist movement in China incited by the sanguinary "May 30th developments" on Nanking Street in Shanghai, and by a stormy offensive of the great revolution of 1925-1927. The powers, however, were ready to meet that storm. To smash down the revolution in China and impede the emancipation of its people they increasingly resorted to bullying and corruption.

Notwithstanding the peculiarities of their own, the Taiping movement, the 1911 revolution and the revolution of 1925 had certain features in common. Those three revolutionary periods in Chinese history were a time of struggle between revolution and counterrevolution, between the forces of progress and the forces of reaction. During that time the priority goal of foreign expansionists, given their aggressive claims, was to suppress the revolution in China, impede the country's progress and help counter-revolutionaries and reactionaries inside China. Every time the revolutionary situation ripened or the victory of the revolution was imminent, the foreign powers hypocritically declared their "neutrality" and assured the revolutionary forces of their "good intentions". Using "neutrality" and "good intentions" as a disguise, they actually conspired against the revolution. The specific forms of those conspiracies varied from revolution to revolution.

During the Taiping rebellion, each supposedly "neutral" capitalist power first blackmailed the reactionary government and then, after its claims had been satisfied, overtly and directly helped the authorities to suppress the revolution and retain power.

During the 1911 revolution, the imperialists, in spite of their declared

<sup>3</sup> *New Times*, 1947, No. 22.

<sup>4</sup> Li Xianglin, *Op. cit.*, p. 48.

"neutrality", paralysed the activity of the revolutionaries by making them believe that they would not support the reactionary "bad government". Simultaneously, they looked for a suitable "strong man" among the reactionaries. Then, dressing him in a new guise, they replaced the old authorities with a new reactionary regime which they supported helping it to suppress the revolution.

In the years of the 1925-1927 revolution, the imperialists, confronted by the armed Chinese people, once again feigned "benevolence" and hypocritically declared that they were willing to recognise the Chinese revolution. They claimed that they were disappointed with the Beiyang militarists. Actually, however, they dexterously used the willingness of the Chinese bourgeoisie, which was in the revolutionary camp, to make a compromise. Continuing the policy of intimidation and bribery they found in the revolutionary camp those who were ready to cooperate. They replaced former brass hats by new rulers, once again redressed the established practices of domination in China and suppressed the revolution.

In those three periods, the methods used by imperialism varied but its aims and policies remained the same: perfidious, brutal, and treacherous. Specific imperialist practices had to vary depending on the given alignment of the revolutionary and reactionary forces and because the consciousness of the Chinese people was constantly growing. The more favourable the revolutionary situation and the higher the consciousness of the Chinese people, the more treacherous and brutal were the practices used by imperialism in order to attain its selfish goals. But all that, however, gave the imperialists only temporary success. In the long run, their brutality only stepped up the hatred on the part of the Chinese people, while their perfidy made the Chinese people understand better the obtaining situation.

Though the anti-imperialist, anti-feudal revolution of 1925-1927 was a failure, China's struggle against imperialism continued.

Twenty years have passed since 1927 but the struggle is still going on.

Where might this struggle finally take China? Theoretically, there are two possible outcomes. Either the imperialists will manage to "unite" China and thus turn it into their colony with the help of their secret service agents in the country, or the broad popular masses will overthrow the imperialist rule, smash the class of big landlords and the big bourgeoisie (who always helped imperialism to pursue its policy of aggression in China) and thus attain China's sovereignty and the liberation of its people.

The entire history of the past 85 years is underscored by the struggle for resolving this problem. In the last 20 years this struggle has been gaining momentum with every passing day and will continue to do so.

If we can at least admit that over these 85 years the imperialists have failed to succeed in spite of all their efforts, then, given the events of the recent 20 years, we can say positively that all the attempts by the imperialists to suppress the aspirations of the Chinese people are also doomed. What will be the outcome of this struggle? Even now it is crystal clear that the Chinese people will gain the upper hand and win. This is the only possible outcome of China's struggle against the imperialist powers.

However, to complete this struggle victoriously, it is necessary that the broad masses of the Chinese people devote all their knowledge and talents to this noble cause and fight for victory enthusiastically, to the last drop of blood. Today, when the Chinese people write the book of their history in their own blood, it is extremely expedient that they look back at the traversed path.

To wind up the review of these 85 years, let us specify a number of most prominent propositions.

1. US aggressive policies in China have the same protracted historical record as the policies pursued by other imperialist states. Various imperialist powers tried to enslave China. For some 50 years, following the First Opium War, the priority belonged to Great Britain. Since 1894, the status of principal aggressor was claimed by Japan. In 1899, the US joined in the struggle for domination over China using the pretext of the "open door" doctrine. It gave rise to a protracted rivalry between the US and Japan over this country. The Chinese people had long regarded Japanese imperialism as their principal enemy because of its impudent treachery, perfidy and brutality. But US imperialism always disguised its brutal and savage nature which made it even more dangerous.

2. The imperialists traditionally thought that they had the right to choose "suitable" rulers and "suitable" regimes for China. These rulers, irrespective of their personality and their particular imperialist patrons, were always nominated by the imperialists and invariably were enemies of the Chinese people. The imperialists spared no effort to cheat the awakened Chinese people by replacing one regime with another. Thus they nominated Yuan Shikai to replace the Qing dynasty rulers and, in the same manner, US imperialism replaced Duan Qirui by Cao Kun. Each time, however, the Chinese people saw that all the stooges of imperialism, irrespective of their image, decorations and declarations, were of the same mold.

3. To create illusions and to rely on the imperialists of a particular country or on their nominee is harmful and dangerous for China's sovereignty and for the cause of the Chinese people's emancipation. In realising this the Chinese people paid with their blood on the battlefields of a protracted struggle.

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## USSR-VIETNAM: FRATERNAL COOPERATION

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[Article by O. V. Petrov]

Over three decades ago, on July 18, 1955, a visiting party and government delegation of the Democratic Republic of Vietnam led by its President Ho Chi Minh signed two crucial documents in Moscow paving the way for Soviet-Vietnamese formal economic ties. These included agreements on trade and on Soviet assistance in rehabilitating and building industrial and municipal projects in Vietnam. Both agreements, widely regarded as the basis for a successful development of equitable economic cooperation between the two countries, helped Southeast Asia's first socialist state to rehabilitate its economy, overcome its economic bottlenecks caused by the consequences of the colonial period and the war against foreign invaders, and improve the living standards of the people of North Vietnam.

About three years later, on March 12, 1958, the USSR and Vietnam signed a trade and navigation treaty, thereby giving their commercial and economic relations a solid legal basis.

Since that time economic ties with the USSR have been vital to Vietnam. While the socialist state struggled through its history, rehabilitating and transforming its economy (1955-1960), translating into reality its first five-year plan (1961-1965)<sup>1</sup>, fighting against US imperialism for salvation and unification (1965-1972), repelling the Chinese aggression (1979), healing the wounds inflicted on its war-ravaged economy (1973-1975 and 1979-1980), and building socialism after unification (since 1976), Soviet assistance was, and still is, as Vietnamese leaders have repeatedly maintained, instrumental in coping with strategic economic issues and strengthening Vietnam's defence capability.

The fraternal commercial and economic relations between the Soviet Union and Vietnam have invariably been based on the time-honoured principles of socialist internationalism, respect for sovereignty, independence and national interests, non-interference in each other's internal affairs, full equality, mutual benefit and comradely assistance.

Naturally, during the past three decades Soviet-Vietnamese trade has grown many times over, as have the scope and scale of Soviet technical aid to Vietnam. The content of economic ties between two countries also changed tangibly. By the late 1970s overall trade had grown, from slightly over three million roubles in 1955, to 612 million<sup>2</sup>.

Constantly expanding economic cooperation between the USSR and Socialist Vietnam is one of the manifestations of a logical and objective tendency in the socialist countries to draw their economies closer together. It was also precipitated by a number of political factors.

<sup>1</sup> The first five-year plan had never been completed, as in 1964 the US launched massive air raids against the Democratic Republic of Vietnam.

<sup>2</sup> *Foreign Trade of the USSR* (Statistical Survey, 1918-1966), Moscow, 1967, p. 66; *Foreign Trade of the USSR in 1981*, Moscow, 1982, p. 11.

Vietnam's reunification gave a powerful impetus to Soviet-Vietnamese economic ties. Since that time Vietnam is a full-fledged partner of the Soviet Union with a much larger potential for export and eager to import more Soviet goods and services. The 1978 Treaty of Friendship and Cooperation Between the USSR and the Socialist Republic of Vietnam breathed a new life into Soviet-Vietnamese economic cooperation.

Table 1

Soviet-Vietnamese Trade (mln. roubles)

	1980	1981	1982	1983	1984
Trade, total	612.4	891.8	1,010.7	1,139.0	1,261.9
Exports	454.9	724.6	804.2	904.1	1,004.0
Imports	157.5	167.2	206.5	234.9	257.9

Source: Statistical Surveys of Foreign Trade of the USSR in 1981-1984.

Since that time bilateral cooperation has grown at a fast pace. From 1976 to 1980 overall trade rose annually by 24.3 per cent on an average<sup>3</sup>. The increase in the third five-year-plan period was also quite heartening, with the 1981-1984 turnover up by 41.5 per cent as compared with the previous period. Soviet exports to and imports from Vietnam expanded by 38.6 and 54.2 per cent, respectively<sup>4</sup>. By the mid-1980s the USSR had become Vietnam's chief trade partner accounting for two-thirds of the latter's foreign trade turnover.

The rapid growth in trade precipitated the changing structure of mutual deliveries, as both sides believe bilateral trade, as well as Soviet-assisted projects in Vietnam, must be geared to their present-day economic needs.

Aware of Vietnam's shortages of fuel and industrial raw materials, the Soviet Union has been steadily increasing its exports of petroleum products, rolled stock, industrial chemicals, cotton, and complete plants to Vietnam. This helps the latter to increase its power generating capacities.

Vietnam, for its part, has been expanding its traditional exports of tea, coffee, fresh fruit and vegetables, garments, carpets and rugs, natural rubber, etc., to the Soviet Union, thereby facilitating the implementation of the Soviet Food Programme and providing the Soviet people with some consumer goods.

The following table illustrates changes in Soviet exports to Vietnam.

There was a substantial rise in the export of petroleum, petroleum products and chemical fertilizers, and to a smaller degree in rolled stock. Soviet deliveries of grain, machinery and equipment considerably lessened. While increased exports of fuel and raw materials represent a deliberate policy pursued by both sides, the decreased export of some goods is indicative of the positive changes in Vietnam's economy. During the past few years Hanoi has been steadily increasing food production and reducing imports. Investment in capital construction, including machinery and equipment, is concentrated at a limited number of top-priority projects. This allows to curtail imports considerably.

<sup>3</sup> *Foreign Trade*, No. 6, 1982, p. 21 (in Russian).

<sup>4</sup> *Foreign Trade in 1981*, p. 11; *Foreign Trade*, No. 3 (Supplement), 1985.

Table 2

## Value of Soviet Exports to Vietnam (mln roubles)

Exported merchandise	1976-1980		1981-1984	
	value	per cent	value	per cent
Exports, total	1.713.3	100	3.436.9	100
Machines, equipment and means of transportation	791.5	46.2	1.110.7	32.3
ditto, for Soviet-assisted projects	398.8	23.3	593.6	17.3
Petroleum and petroleum products	140.3	8.2	1.186.3	34.5
Ferrous rolled stock	58.8	3.4	165.3	4.8
Chemical fertilizer	27.8	1.6	198.6	5.8
Cotton fibre	110.5	6.4	192.8	5.6
Grain	284.9	16.6	95.0	2.8
Fabrics	18.6	1.1	3.0	0.1
Medicines	18.8	1.1	25.6	0.7
Recreational and household goods	11.6	0.7	19.1	0.6
Other goods	250.5	14.7	440.5	12.8

Source: Statistical Surveys of Foreign Trade of the USSR in 1976-1984.

Changes in Soviet imports from Vietnam were not as dramatic as the changes in exports, but are still worth mentioning:

Table 3

## Soviet Imports from Vietnam (mln roubles)

Imported merchandise	1976-1980		1981-1984	
	value	per cent	value	per cent
Imports, total	650.8	100	866.5	100
Natural rubber	—	—	58.6	6.8
Parquet frieze	37.7	5.8	42.6	4.9
Natural and synthetic fibre yarn	48.3	7.4	44.9	5.2
Coffee beans	2.3	0.4	18.0	2.1
Tea	17.9	2.8	25.1	2.9
Fresh fruit and berries	12.2	1.9	14.1	1.6
Carpets and rugs	34.8	5.3	63.6	7.3
Clothes, underwear, knitted wear	187.3	28.8	102.5	11.8
Footwear	25.5	3.9	24.8	2.9
Handicrafts	84.9	13.0	84.8	9.8
Mats, rugs and carpets made of palm and other natural fibre	42.4	6.5	57.1	6.6
Other goods	157.5	24.2	330.4	38.1

Source: Statistical Surveys of Foreign Trade of the USSR in 1976-1984.

The figures show that during the period from 1981 to 1984, as compared to the previous five-year-plan period, the share of all goods



in overall Soviet imports from Vietnam (except clothes, underwear, knitted wear and coffee) either remained at the same level or registered marginal change. At the same time, imports of most of the goods have already exceeded the level of the second five-year-plan period. The share of clothes and underwear went down, partly due to increased consumer supply in Vietnam and partly to Vietnam's not wanting to export these goods unless the importer provides necessary raw materials.

Vietnam's industrial construction, based on complete plants exported from the Soviet Union, expanded considerably. The first power producing unit (110 mW) at the Phalai thermal electric power station<sup>5</sup> exceeds in capacity the Thakba hydro-electric power plant (108 mW) built with Soviet assistance<sup>6</sup>, while the capacity of the Hoabinh hydro-electric power station<sup>7</sup>, now nearing completion, on the Black River (2,000 mW), is higher than that of all the thermal and hydro-electric power plants built in Vietnam before the early 1980s. Of these, the biggest ones, following the Thakba project, are the Danim hydro-electric power plant (160 mW), and the thermal power stations Uonghi (153 mW). Ninhbinh (100 mW), Thudik (165 kW) and Chalok (33 mW)<sup>8</sup>.

The dynamically growing volume of Soviet-Vietnamese cooperation is one of the specifics of its development. However, the current stage is characterised by significant changes made in the mechanism and forms of cooperation.

For one thing, the USSR and Vietnam have begun coordinating their policies in the most crucial bilateral exchanges, bringing their economic development plans into line. To this end, consultations are held on a regular basis.

Since the mid-1970s, as compared to the previous period when plans were made annually, bilateral exchanges have been effected on a long-term basis. As is common in Soviet economic contacts with other socialist nations, the guidelines for cooperation are mapped out in the process of coordinating bilateral five-year economic development plans and confirmed through intergovernmental trade and payment agreements, and bilateral agreements on economic and technical cooperation.

The consultations for the third period of long-term planning (for 1986-1990) have been completed recently. The planning agencies of both countries, relying on their experience and the guidelines for the economic and social development for the forthcoming five years, defined the optimum volume of bilateral exchanges and drew up a list of projects to be built in Vietnam with Soviet assistance. These will be expected to match the import requirements and export potentials of both sides, and also to ensure a stronger performance in the key branches of the Vietnamese economy<sup>9</sup>.

Cooperation between Soviet and Vietnamese planning agencies has proceeded at a fast pace. Along with coordinating five-year economic development plans, projections have also been made for a longer period. One example is the long-term programme for economic, scientific and technical cooperation between the USSR and Vietnam, signed by a Soviet Party and Government delegation during its visit to Vietnam in October-November 1983.<sup>10</sup> It showed complete harmony of views between both sides in their joint bid to cope with economic problems. This was

<sup>5</sup> *Foreign Trade*, No. 10, 1982, p. 5.

<sup>6</sup> *Ibid.*, No. 7, 1980, p. 3.

<sup>7</sup> *Ekonomicheskaya gazeta*, No. 45, 1983, p. 20.

<sup>8</sup> *The Socialist Republic of Vietnam. Socio-Economic Problems*, Moscow, 1982, p. 168 (in Russian).

<sup>9</sup> *Planovoye khozyaistvo*, No. 10, 1984, pp. 3-8.

<sup>10</sup> *Ekonomicheskaya gazeta*, No. 47, 1983, p. 5.

in fact the first long-term programme of cooperation between the USSR and a socialist country. In 1984, similar programmes covering the period up to the year 2000 were signed with Poland, the German Democratic Republic and Cuba. The Soviet-Vietnamese programme suggested guidelines, priority fields and possible forms of cooperation to achieve the chief goals of socialist construction in Vietnam. Priority fields included agriculture, the fuel industries, metallurgy, machine engineering, the chemical and oil refining industries, transport and communications, geological exploration. Meeting the vital interests of the Soviet and Vietnamese peoples, the programme, which is a result of coordinated economic policies and a leverage to translate these into reality, will be implemented as conditions ripen in each particular field of cooperation.

Soviet-Vietnamese cooperation is increasingly becoming an across-the-board venture involving nearly all branches of the Vietnamese economy. A wide range of Soviet-supplied equipment, complete plants, industrial raw materials, foodstuffs and consumer goods make the bulwark of Vietnam's economic growth and help raise the living standards of the Vietnamese people.

New forms of cooperation have come to life and are being promoted in all possible ways. Soviet raw materials, mostly cotton and wool, are processed at Vietnamese factories and then shipped back to the USSR as a finished product (yarn, garments, carpets). There are numerous buy-back deals, joint ventures and comprehensive programmes for the development of particular branches of the Vietnamese economy, so as to increase the production of goods required by both countries. There is an agreement for repair of Soviet merchant and fishing vessels in Vietnamese docks. Plans are afoot to develop an extensive network of service stations in Vietnam to provide maintenance for Soviet-made automobiles, machinery and equipment.

A model Soviet-Vietnamese venture is the Vietsovpetro joint organisation which prospects and extracts oil and gas on the continental shelf in the south of Vietnam. This is rather a strategic enterprise intended to develop Vietnam's economy, liquidate the shortage of fuels and energy, and increase export possibilities. Another example of Soviet-Vietnamese cooperation are the deferred compensation agreements to mine Vietnamese tin and apatite, and to produce coffee, herbs, natural rubber and consumer goods made of rubber and latex.

This ensures fuller satisfaction of Vietnam's economic requirements and facilitates the growth of its exports.

Proceeding along the lines of mutual benefit, the Soviet Union helps Vietnam to grow and process fruit and vegetables. This form of cooperation, involving a complete cycle, including production, transportation, processing and storage, is considered very promising. The Soviet Far East, geographically closer to Vietnam than any other region of the USSR, will offer a capacious market for Vietnamese raw and processed fruit and vegetables.

The processing of Soviet raw materials in Vietnam enables the latter to cope with its socio-economic problems—to more effectively use manpower and production capacities. The Soviet Union, too, benefits from this arrangement, if only by a further solution to the problem of labour shortage in some industries. There are many other promising forms of mutually beneficial economic cooperation.

The efficiency of bilateral economic cooperation is in a large measure promoted by the Soviet-Vietnamese Intergovernmental Commission on Economic, Scientific and Technical Cooperation. Set up in 1972, the Commission and its working groups in charge of particular fields of cooperation (power engineering, the coal industry, transports, etc.) regularly control the fulfilment of mutual economic commitments, mak-

ing appropriate decisions whenever prompt interference or emergency measures are necessary. At its sessions in 1985 the Commission discussed, among other things, questions pertaining to the construction and more efficient exploitation of Soviet-assisted projects currently under construction in the major branches of the Vietnamese economy. Ways were also proposed to carry out the first stage of the programme for prospecting and developing oil and gas fields on the continental shelf in the south of the country<sup>11</sup>.

The above factors bear a strong impact on Soviet-Vietnamese trade and economic relations, precipitating improvement in the forms and methods of bilateral cooperation. Now that both countries have worked out a coordinated economic policy, conditions are being created for switching cooperation over to balanced lines.

As the scope and scale of bilateral cooperation expand, and its quality improves, new, more complicated tasks face the Soviet and Vietnamese organisations involved. Behind the figures of turnover growth there is a much greater investment than there was only a short while ago. This makes adherence to the schedule, as stipulated by the bilateral agreements, of the manufacture, loading, shipping, unloading and delivery of goods to consumers, all the more important.

If the country that is exporting allows any of the above links to malfunction, the one that is importing may be forced to interrupt operation of some of its industries and thus sustain losses. Standing firmly behind mutual commitments is the underlying feature of smooth economic cooperation between the two countries.

As both sides are aware, the better quality of merchandise traded between them is another task of paramount importance. Soviet and Vietnamese economies will benefit handsomely from bilateral trade and cooperation, if the quality of their exports matches top world standards.

The CMEA-endorsed policy of economic intensification means that greater stress must be laid on the thrifty use of resources exchanged between the two countries. If these resources are really used in an efficient manner, both the USSR and Vietnam as well as the other nations of the socialist community, will stand to gain. The better the performance of Soviet and Vietnamese agencies in their joint effort to cope with the above tasks, the bigger their contribution to resolving the key issue of bilateral trade and economic cooperation, i. e., making it a properly balanced affair.

Soviet economic ties with Vietnam are evidence of the Soviet Union's internationalist attitude to a less developed nation. The USSR shares its resources and industrial experience with Vietnam on easy terms and in so doing backs the SRV's efforts to boost the efficiency of social production. Hostile propaganda agencies not infrequently venture to distort the true nature of Soviet-Vietnamese economic cooperation, alleging that the USSR treats the Vietnamese economy as an "auxiliary source" of cheap minerals and manpower. That such allegations are bunk is evident from a cursory acquaintance with the problems which Vietnam has been trying to solve with Soviet assistance.

The main factor of Soviet-Vietnamese cooperation is the building and modernisation of key economic projects in Vietnam with Soviet assistance. Once completed, these projects will facilitate the SRV's advance along the lines of socialist industrialisation, thereby developing the material and technical basis of socialism and an efficient production and transport infrastructure. Among the hallmark projects built in Vietnam with Soviet assistance are the Hoabinh hydropower station (1,920 mW), the largest in Southeast Asia, and related facilities, the

<sup>11</sup> *Pravda*, Jan. 24, 1985; Nov. 19, 1985.

Phalai thermal electric power plant (640 mW), the Chiang hydro-electric power project (400 mW)<sup>12</sup>, the Thanglong bridge over the Red River and the Vietsovpetro joint organisation. The projects built with Soviet assistance account for 89 per cent of coal produced in Vietnam, 76 per cent of metal-cutting machine tools, 100 per cent of superphosphate and apatite, and 35 per cent of electricity<sup>13</sup>.

Soviet assistance is certainly crucial to Vietnam in its attempts to boost some of its exports which are in high demand on the world market. In the last five-year-plan period the Soviet Union helped Vietnam to put into operation some coal producing facilities in mines and open-cast pits to increase coal output by four million tons<sup>14</sup>. The Loakai apatite mine was enlarged to yield 1.6 million tons of concentrate<sup>15</sup> a year. As many as 50,000 hectares of virgin lands were developed for hevea plantations<sup>16</sup>. The USSR also helped Vietnam to build and equip a 1,300-ton tin factory and six tea factories capable of processing a total of 222 tons of tea leaves a day, and to plant coffee plantations on an area of 20,000 hectares. As exports pick up, the SRV will be increasingly in a position to import more goods badly needed by its economy.

Some projects have been built or are under construction in Vietnam with Soviet technical and economic assistance with an eye to cutting imports and ensuring the country's genuine economic independence. Feasibility studies have been done for projects which include the Bimson cement plant (1.2 million tons a year)<sup>17</sup>, the superphosphate factory at Lamthao (300,000 tons)<sup>18</sup>, the iron-and-steel works to produce a total of two million tons of steel a year<sup>19</sup>. Projects already operating are: the Hanoi engineering plant to produce 700 metal-cutting machine tools on an annual basis<sup>20</sup>, the diesel engine plant in Godam, etc.

Soviet-Vietnamese economic cooperation is instrumental in raising the living standards of the Vietnamese people. Soviet exports of raw materials for group "B" industries, of oil products, chemical fertilizer and consumer goods contribute to the resolution of Vietnam's food problem and help fill the domestic market with prime necessities, thereby setting an equilibrium between supply and demand. In 1981-1983 alone, Vietnam imported from the Soviet Union fabrics, paper, wheat and flour, canned food, sugar, kitchenware, medicines, soap and recreational and household goods worth a total of more than 153 million roubles<sup>21</sup>. The USSR also helps Vietnam cope with its housing problem, and has set up a house building factory in Suanmai and a window glass plant.

In contrast to Western countries and China which virtually boycott Vietnam economically, the Soviet Union and the other socialist nations, in their relations with Hanoi, pursue a line unanimously endorsed by the 1984 CMEA Economic Summit which ruled that assistance be rendered to Vietnam on a just basis to speed up the development of its economy, raise its efficiency (with due account of the tasks of socialist industrialisation) and facilitate the SRV increasing involvement in the international socialist division of labour<sup>22</sup>.

Vietnam, for its part, in its relations with the Soviet Union, follows

<sup>12</sup> *Pravda*, June 5, 1984.

<sup>13</sup> *Ekonomicheskaya gazeta*, No. 45, 1983, p. 20.

<sup>14</sup> *Foreign Trade*, No. 10, 1982, p. 5.

<sup>15</sup> *Ibid.*, No. 7, 1980, p. 5.

<sup>16</sup> *SRV: Social-Economic Problems*, p. 179.

<sup>17</sup> *Ibid.*, p. 179.

<sup>18</sup> *Pravda*, June 7, 1984.

<sup>19</sup> *Ekonomicheskaya gazeta*, No. 47, 1983, p. 5.

<sup>20</sup> *Foreign Trade*, No. 10, 1982, p. 3.

<sup>21</sup> Statistical Survey of Foreign Trade of the USSR in 1981-1983.

<sup>22</sup> *CMEA Economic Summit, June 12-14, 1984. Documents*, Moscow, 1984, p. 24 (in Russian).

the course mapped out by the 5th Congress of the Communist Party of Vietnam: to promote in all possible ways the allround cooperation with the Soviet Union which was and still is the cornerstone of the foreign policy pursued by the Communist Party of Vietnam and the Vietnamese government<sup>23</sup>.

This course was confirmed during a visit to the Soviet Union by a SRV party and government delegation late last June. The Soviet and Vietnamese leaders discussed the specifics of bilateral economic cooperation for the near future, for which there are quite ample potentialities.

Agreements have been reached between the two countries for the USSR to increase economic assistance to Vietnam so as to speed up the development of its key industries and agriculture, and raise the living standards of the Vietnamese people. The USSR has agreed to reschedule Vietnam's earlier debts and has pledged to grant it a new credit for the current five-year-plan period. The Soviet Union will also extend the exports of such necessary goods as oil products, ferrous rolled stock, fertilizer and cotton.

In the face of the growing need to make bilateral cooperation more efficient, develop branches specialising in the manufacture of particular goods and implement joint goal-oriented programmes, both sides have agreed to lay heavier stress on priority projects in Vietnam. This will be instrumental in consolidating the material and technical basis of the Vietnamese economy and in boosting Vietnamese exports.

The results of the Soviet-Vietnamese talks were formalised in documents on bilateral trade and economic cooperation for the period from 1986 to 1990. These documents are: a protocol on coordination of state plans; an agreement on trade and payments; and an agreement on economic and technical cooperation between the Soviet Union and the SRV. They provide for measures aimed at the implementation of the most important propositions of the long-term programme of economic, and scientific and technical cooperation and the CMEA Economic Summit decisions. The volume of trade is to grow 70 per cent as compared to the years 1981-1985. Soviet technical and economic assistance to Vietnam will be intensified considerably, including the deliveries of machinery and equipment, complete plants, fuel, raw materials and other goods. In turn, the Soviet Union will extend its imports from the SRV, primarily of agricultural produce (tea, coffee), items of the light and cottage industries<sup>24</sup>.

The scope and scale of Soviet-Vietnamese economic relations are growing every year, thereby contributing to the tasks of communist and socialist construction and promoting the economic interests of both nations.

<sup>23</sup> *Fifth Congress of the Communist Party of Vietnam*, Moscow, 1983, p. 96 (in Russian).

<sup>24</sup> *Pravda*, Jan. 12, 24 and 25, 1986.

## USSR-DPRK ECONOMIC TIES DISCUSSED

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[Article by N. L. Shlyk, candidate of economic sciences]

The Soviet Far Eastern economic region, which includes the Khabarovsk and Maritime Territories, the Amur, Sakhalin, Kamchatka and Magadan Regions, and the Yakut Autonomous Soviet Socialist Republic, is a vast area (27 per cent of the USSR territory) with a population of several million people. Today the Soviet Far East is an industrial region with developed transport (transport in the Far-Eastern economy makes up 17 per cent of the cost of products as against an average 11 per cent in the country) and a big share of economic construction (14 per cent as against 10.8 in the USSR). At the same time, agriculture in the Far East is comparatively backward (7.9 per cent as compared with 15.9 in the country). The region holds leading positions in the USSR in such products of the mining industry as tin, tungsten, boric products, fluorite, and others. The fishing industry of the Far East accounts for about 40 per cent of the country's catch of fish and other seafood, and the production of woodworking industry and lumbering account for 6 to 11 per cent of the national total. Over 90 per cent of the country's soybean, about 30 per cent of peltry, up to 30 per cent of marketable honey, 12 per cent of medicinal and technical herbs, and 90 per cent of fern are produced by the Far Eastern agriculture. The region's sea transport accounts for about 15 per cent of the USSR's sea freight turnover. The machine-building industry of the Soviet Far East produces almost one third of the country's electric travelling cranes and the bulk of the foundry cleaning equipment. The region has developed large-scale ship-building and aircraft industries.

The present-day development of the Far Eastern economic region is characterised by its active involvement in the sphere of the country's foreign economic relations. A certain export potential has been created here, which made it possible to almost double the volume of exports from 1970 to 1983. Such Far Eastern products as sawn timber, cellulose, fish products, boat hoists, grain harvesters, cables, and others, feature prominently in Soviet exports (8 to 40 per cent).

A wide use of diverse forms of international cooperation—compensation agreements, the development of transport services (the Trans-Siberian container line), the setting up of joint companies to catch and process fish, coastal and frontier trade—is a qualitatively new trend in the development of the Soviet Far East's foreign economic ties. The experience has shown that, given the favourable conditions for this, it is expedient to extend and improve these forms of economic cooperation.

Wide opportunities are emerging for developing various forms of economic cooperation with Asian socialist countries. Furthering this cooperation is a major trend in the foreign economic relations of the Soviet Far East. This is facilitated not only by the geographical proximity, but also by the common tasks of raising the efficiency of social production, the availability of real resources of mutual interest, and by the nascent process of economic integration of Asian socialist countries.

The Soviet Far Eastern region's ties with Asian socialist countries are

diverse. They include foreign trade, scientific and technological cooperation, joint development of natural resources, rendering of transport services, tourism, and other ties.

The structure of Far Eastern exports to Asian socialist countries includes all the main groups of regional export goods. These exports are more diverse than exports to other Pacific states, especially as regards manufactured goods. The share of individual goods (consumer goods, building materials, ferrous metals, fuel and energy products, and others) in the deliveries to these countries considerably exceeds the corresponding index for regional export.

The Democratic People's Republic of Korea (DPRK) features prominently in the Soviet Far Eastern exports to Asian socialist countries. The Soviet Far East supplies the republic with machines and equipment, oil products, industrial wood, cellulose, rolled stock, fish and other foodstuffs, and consumer goods. In its turn, the DPRK delivers to the Soviet Far East metal-cutting machine tools, cables, cement, clothes and sports footwear, china, fresh fruit and vegetables.

Many forms of cooperation related to various industries and transport have been developed in border areas of the USSR and the DPRK. One of the initial forms of cooperation between the USSR and the DPRK in the Soviet Far East was logging in the Amur Region and the Khabarovsk Territory done by Korean workers on shared basis. The success of this cooperation, begun in 1967, and the accumulated experience, prompted the decision to expand its scale. In January 1975, the governments of the Soviet Union and the DPRK signed an agreement on expanding the volume of logging on Soviet territory by Korean workers.<sup>1</sup> This form of cooperation is of great importance for the development of the economies of both countries. Being short of forest resources people's Korea meets the greater part of its requirements for industrial wood this way. Ever new forest tracts are included for industrial use in the Soviet Far Eastern region and additional logging enterprises, and recently, woodworking enterprises as well, have been set up on this basis.

The constant upgrading of this form of cooperation was especially characteristic of the 1970s. Resources are utilised in a more comprehensive way. Aside from logging, soft resin is collected from the forest stands to be cut down and there has been an increased production of chips out of the wood waste. The current five-year agreement, signed in March 1982, provides for the volume of industrial wood logging to remain at approximately the same level, while the production of chips increases.

Forest resources will be utilised even more comprehensively in the future, as the output of semi-finished and finished products is extended. Conditions are ripe for this. Regions now being developed in the economic zone of the Baikal-Amur Mainline boast more than 10 billion square metres of wood which will make it possible to launch large-scale logging and wood-working industries there. Several new large-scale integrated logging enterprises and wood working and pulp-and-paper mills will be constructed. Prospects for starting logging and setting up more wood-working mills while enlarging the old ones, are especially promising in the Khabarovsk Territory and the Amur Region.

Fishing is another sphere of the international cooperation between the Soviet Far East and the DPRK. Fish and other sea food feature prominently in the food of the Koreans, so this is of major significance for their economy. Therefore, improvement in the standard of living of the working people and the solution of the food problem largely hang on increase in the catch of fish and other marine products.

<sup>1</sup> See *Soviet Foreign Trade*, 1975, No. 8, p. 13; *Ekonomicheskaya Gazeta*, 1980, No. 33, p. 20 (in Russian).

High demands on the equipment needed in sea fishery and the introduction of national 200-mile fishing (or economic) zone have considerably complicated fishing for Korea as the industry now calls for up-to-date fishing gear and for drawing on scientific methods of intensified fishing. The agreement on cooperation in the fishing industry signed by the USSR and the DPRK on January 18, 1974, and a protocol to it, dated July 28, 1977<sup>2</sup>, to a large extent promote the solution of these problems. These documents provide for exchange of experience in the organisation of sea fishery and the utilisation of fish resources on a scientific basis, as well as the development of fishing techniques and technology of fish processing, pond fishing and biotechnology of mollusc breeding and seaweed growing, joint scientific research, etc.

Fishermen and scientists of the Soviet Far East are taking an active part in the implementation of the agreement. The DPRK has been given several vessels to be used as factory ships. Assistance is also given in developing fisheries in the northwest Pacific, in mastering advanced methods of fishing, and in repairing Korean fishing vessels. The Pacific Institute of the Fish Industry and Oceanography under the Ministry of the Fish Industry of the USSR shared results of the research and documents on fishery with scientists of people's Korea. Business and scientific contacts between Soviet and Korean specialists are going on.

Commodity exchange within the framework of frontier trade between Soviet Far Eastern regions and northern provinces of the DPRK has also expanded. This trade dates back to 1968 when the first commercial deals were made under the Protocol on Frontier Trade between the USSR and the DPRK. All transactions within this form of foreign trade relations are made by the Soviet foreign trade association Dalintorg (the town of Nakhodka) which was set up specially for conducting coastal and frontier trade with Pacific countries.

As distinguished from interstate trade, this kind of trade has three distinctive features. One of them is the nomenclature of exports consisting mainly of Far Eastern goods. Resources for the manufacture of these goods are sufficient for both meeting the domestic demand and for their export. The exports include industrial raw materials and consumer goods (foodstuffs, household and other goods). At the same time, the Soviet Far East imports from people's Korea consumer and industrial goods it needs.

Another special feature of frontier trade is the principle of the commodity exchange which balances export and import transactions: receipts from Far Eastern exports are used to import goods needed by the Far Eastern regions.

The third distinction of this trade is the traders themselves. The Soviet side in the frontier trade includes Far Eastern economic organisations represented in the foreign market by Dalintorg. The Korean side includes small-scale and medium enterprises of northern provinces represented by foreign trade societies.

These distinctive features make up the essence of frontier trade as one of the forms of foreign trade relations between the Soviet Far East regions and Pacific countries (including the People's Republic of China, Japan, Australia). This form does not contradict the basic principles of foreign trade monopoly since it is supervised by the Ministry of Foreign Trade of the USSR.

The share of frontier trade in Soviet-Korean trade is quite small (less than one per cent). It is small in Dalintorg's trade turnover, too—slightly over 2 per cent.<sup>3</sup> Given the real potentialities of the partners, the

<sup>2</sup> See *Far Eastern Affairs*, 1983, No. 4, p. 18; *Soviet Union's Relations with People's Korea, 1945-1980. Documents and Materials*, Moscow, 1981, pp. 317-322, 371-375.

<sup>3</sup> See *Foreign Trade*, 1984, No. 11, p. 32 (in Russian).



volume of frontier trade may be increased in the future. The positive effect of the regional nature of this trade on the development of the economies of the Soviet Far East and northern provinces of people's Korea ensures its continued significance.

Frontier trade is an additional source for Far Eastern regions of the USSR of meeting the consumer demand for such goods as fresh fruit and vegetables, textiles, sports footwear, and china. In their turn, these regions supply their Korean partners with laundry soap, aluminium utensils, window glass, nails, and kerosene, and on a wider scale, with electric heaters, watches, refrigerators, TV sets, and washing powder. The upgrading of the structure of export and import transactions and also the increase in their volumes (the turnover of the frontier trade more than doubled in 1976 through 1982) manifest the interest of Korean foreign trade societies in developing trade with the Soviet Far East.

The frontier trade has good prospects for further development. Mutual interest and untapped resources exist on both sides. The first exhibition of Korean goods from the frontier trade list, held in the city of Nakhodka in 1983, was indicative of this interest. The exhibition featured various consumer goods (knitwear, clothing and haberdashery), medicinal preparations from ginseng, cosmetics, china and *objets d'art*, building materials, and also fresh and processed vegetables and fruit. Soviet Far Eastern enterprises and organisations showed much interest in many of these products.

Apart from the above forms, the Soviet Far East and the DPRK have successfully developed cooperation in railway, sea and air transport. For example, workers of the railway stations Khasan (the USSR) and Tuman-gang (People's Korea) have for many years now been maintaining business relations, ensuring cargo deliveries to frontier areas of the two sides. The Far Eastern steamship line ships Soviet foreign trade cargoes to many Asian countries via the Korean port of Rajin.

1984 saw the tenth anniversary of the establishment of a regular air service between Khabarovsk and Pyongyang. Since then Soviet and Korean planes carried more than 60,000 passengers. DPRK citizens can now visit 101 countries via the Khabarovsk airport. The airline also carried more than 10,000 various cargoes over the ten years. People's Korea delivers vegetables and fruits by air to Soviet Far Eastern regions.

An analysis of economic ties between the Soviet Far East and the Democratic People's Republic of Korea shows their diverse and mutually advantageous nature and the solid economic basis underlying them. The scale and forms of this cooperation, however, do not, so far, meet the potentialities and the economic interests of the sides. There are several economic prerequisites for further development and deepening of the foreign economic cooperation, one of which is the growing economic potential of the two countries.

The future of the Soviet Far Eastern economic region will be characterised by further shifts in its economy. Those shifts will take place in fundamental fields: the share of processing branches and those in charge of developing sea resources in the industry will be increased; the centre of economic activity in the mining industry will move to the north; there will appear new areas of concentrated industrial production and infra-structural activity to be developed on the basis of territorial-industrial complexes; the share of expenditures on the infrastructure, geological prospecting, i.e., on the preparation of the Far Eastern territory for intensive economic development, will considerably grow; and the latest scientific and technical achievements will be introduced to the region's economy on a wider scale. These shifts in the economic development will enhance the role of the Far East in the Soviet economy and will increase

the Far Eastern foreign trade potential and consolidate the region's positions in the Pacific international market.

Given the long-term plans for the economic development of the Soviet Far East, and the main trends of the development of the commodity markets of the Pacific countries toward which its exports gravitate, it is expedient to shape the base of these exports along two lines. First, through diversification of production which will make it possible to greatly increase the share of finished goods, including machines and industrial products, in the overall export. Second, through expanding exports of raw materials and semi-finished goods which are in great demand in the foreign market.

The development of foreign economic activity will be determined by the following factors: the setting up of specialised export-oriented productions; the active use of economic cooperation forms; and extended cooperation with socialist countries. Increase in the export of raw materials will be achieved mainly by developing new territories in the zone of the Baikal-Amur Mainline (BAM) and in the distant future by developing the Pacific coast. At the initial stage of BAM development, it will be economically practical to expand the export of forest products and South-Yakut coal. Later on, the list of the zone's exports will also include building and other materials and will be further expanded by the development of iron-ore and copper deposits. The BAM zone will export mainly raw materials at first, but after a while the export structure will be diversified through semi-finished and finished products.

Increased exports of raw materials is the first stage in the solution of the task of establishing a large-scale export base in the country's East.

The other, main, line of development of a stable export base is the organisation of a complex of export-oriented productions putting out finished products. In the long-term prospects this trend will gain strength through the woodworking, fishery and chemical industries and machine building.

A major problem facing the Soviet Far East is diversification of export-oriented production in the region's machine-building, with due regard to the requirements of the Pacific countries, above all Asian socialist countries. Presently, more than 90 per cent of the Far Eastern exports of machine-building output go to the European socialist states and developing countries in the Middle and Near East, and only 7-9 per cent goes to the Pacific states, mainly to socialist ones. One of the main reasons behind the comparatively weak participation of the Far East in exporting machines and equipment to Asian socialist countries is the discrepancy between the requirements of that market and the specialisation of the regional machine-building. However, the requirements of that market and the Far Eastern region for many machine-building products (mining and road-building equipment, metal-cutting machine tools, woodworking and fish-processing equipment, and others) coincide.

The decisive factors in the development of the Soviet Far East machine-building will be the scheduled acceleration in the key industries of the region and the eastern zone as a whole, and territorial shifts in the location of productive forces of the eastern regions, particularly the inclusion of northern territories in the intensive economic development. This will promote a speed-up in the development of such regional machine-building branches as power engineering, mining and electrical engineering industries, tractor and agricultural machine-building, production of hoisting-and-conveying machines, and others, in which the market requirements of Asian socialist countries should be taken into account as well. Despite the certain production potential, these countries are short of many of the above-mentioned types of machines and equipment. Export of the

machine-building products to them would be conducive to expanding the foreign economic relations of the region as a whole and contribute toward the international socialist division of labour in Asia.

Among the Asian socialist countries, machine-building is best developed in the DPRK. Its rapid growth and diversity of branches have enabled people's Korea to a great extent to meet the requirements of the national economy for major types of machines and equipment and increase their exports. At the same time, the Korean machine-building products face keen competition in foreign markets. Therefore, the further upgrading of the machine-building base of the DPRK necessitates the republic's participation in the international socialist division of labour and in the establishment of production cooperation in this field with other socialist countries, primarily with the Soviet Union and its Far Eastern regions.

There are prerequisites for cooperation in other industries as well. Fuel, energy and mining industries are key branches of the Korean heavy industry, which is accounted for by vast raw material resources and their large-scale development. The organic fuel and water power reserves of the DPRK are estimated at several billion tons of comparison fuel. But the structure of the Korean fuel-and-energy resources is not quite satisfactory. The share of coal in the primary fuel sources is the largest. Despite a stable growth of coal-mining in the country, it cannot fully meet the requirements of people's Korea. To amend the situation, the republic has to import coking coal which it does not have from the Soviet Union among other countries.

Production specialisation in the iron-and-steel and cable industries could also broaden cooperation between the Soviet Far East and the DPRK. The Far East presently exports to the DPRK several types of rolled products and imports sheet metal from them. The sides also exchange cable industry products. It seems expedient to shape this exchange into a form of production cooperation between allied enterprises of the two countries.

There are good prospects for cooperation in agriculture, specifically in rice-growing which is a traditional and major branch of farming in Korea. Rice-growing is now achieving a good pace in the Soviet Far East. This region accounts for an average 4 per cent of the total rice output in the USSR.<sup>4</sup> The Maritime Territory is the main area of rice cultivation in the country's East and its gross yield of rice is to be increased by 1990.<sup>5</sup> All this offers good opportunities for cooperation in rice-growing between the scientists and practical workers of the two countries.

Of much interest is the Korean experience in producing various soybean goods, first of all soy sauce, which is in traditional demand in many Pacific countries. The Soviet Far East, which is the main soybean-growing area of the country, produces only a limited number of goods from this valuable product (chiefly oil and flour). A wider use of international experience in processing soybean and producing various goods from it would make it possible to enlarge the stable group of Soviet Far Eastern exports and the nomenclature of soybean products in the home market.

Cultivation of many marine products, which are in stable demand not only in the DPRK but practically in all Pacific countries, could be quite a promising area of cooperation. Korea has a vast experience in cultivating and processing of laminaria, oysters, squids, trepangs, shrimps, etc.

Mariculture is in its early stages in the Soviet Far East. The coastal waters of the region, experts feel, especially in its southern areas, are auspicious for the large-scale cultivation of invertebrates and seaweeds

<sup>4</sup> See A. D. Nesterenko, *Food Complex of the Far East*, Vladivostok, 1983, p. 89.

<sup>5</sup> See *Ibid.*, p. 90.

(scallops, oysters, trepangs, laminaria, ahnfeltia). Modern mariculture methods based on the latest scientific achievements increase the productivity of marine farms, whose average output is many times bigger than that of the ocean's shelf zones. The increasing interest in the breeding of fish and sea products in marine farms is accounted for by the growing unreliability of fishing at sea.

Cultivation of various seaweeds as a source of fodder for stock-breeding generates much interest abroad. More efficient than fodder crops grown on land, it is highly productive and less expensive. Also the potentialities of pastures will decrease due to spatial and economic limitations (the urbanisation process and intensiveness limits). Therefore, the role of marine plantations may substantially grow. The Soviet Far East pins much hope on developing marine farming in the coastal waters in the south of the Maritime Territory, and near Kamchatka and Sakhalin. Starting these productions is necessitated also by the need to load to full capacity coastal fish-factories. Their specialisation in marine farming and production of goods from sea products would enhance the efficiency of utilisation of biological resources and improve the industry's economic showing.

Promising results obtained at experimental bases set up in the Maritime Territory to cultivate scallops and oysters prove this. According to preliminary estimates, the "yield" of these edible molluscs can amount to 20 tons per hectare a year. An experimental base at the Valentin fish-factory, the first in the USSR to grow laminaria, yields 60-70 tons of the raw material per hectare.<sup>6</sup> There are prospects for breeding on underwater plantations such valuable foodstuffs as mussels, trepangs, sea-urchins, and others. And the time is not far-off when these experimental bases will develop into large-scale industrial enterprises producing these delicacies.

Cooperation between experts of the USSR and the DPRK can to a certain extent contribute toward this. The list of potential areas of Soviet-Korean economic cooperation in the regions of the Soviet Far East is far from complete. It could include, for example, the light industry.

Soviet-Korean relations are developing successfully in many fields. The mutually beneficial economic cooperation between the two countries is to play an ever growing role in them.

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<sup>6</sup> See *Prauda*, Sept. 24, 1976.

DOCUMENT COLLECTION ON CHINA, SOUTHEAST ASIA REVIEWED

Moscow FAR EASTERN AFFAIRS in English No 2, 1986 pp 143-148

[Article by S. N. Gorenko and B. T. Koloskov]

There has been a growing interest in recent years by historians and political analysts in the Asia-Pacific region which has been steadily moving to the foreground of world politics. Relations between China and countries of Southeast Asia play an important role in the web of international ties in the region. A number of works by Soviet and foreign authors are devoted to this subject. Until recently, however, a comprehensive and in-depth study of the matter was hindered by scarcity of serious sources of information. A sizable contribution is made by New Delhi University Professor R. K. Jain's publication (in English) of an eight-volume collection of documents and other materials, presenting in chronological order a picture of China's relations with Burma, the countries of Indochina and ASEAN from 1949 to 1984.

One of the first collections published by R. K. Jain is devoted to China's relations with Malaysia, since Chinese make up about 35 per cent of Malaysia's population.

The collection under review includes 362 documents in English from Chinese and Malaysian sources. They are excerpts from bilateral communiques, full texts of statements and declarations made by the leaders of both countries, editorials and all kinds of information from the Chinese and Malaysian press, official UN publications and some other materials. The addenda offer a list of official visits between China and Malaysia from 1971 to 1983, a list of bilateral agreements for the period 1971-1982, statistics of trade between the two countries over 1948 to 1981 and Chinese purchases of rubber from 1949 to 1972. There is an extensive bibliography in the collection.

In the period from October 1949 until the declaration of formal independence of the Federation of Malaya on August 31, 1957, Peking's policy towards this country focused mainly on the local Chinese community and supported the anti-colonial movement in Malaya, which unfolded under the guidance of the Communist Party of Malaya.

Even before the formation of the PRC, says the collection, the CPC press openly stated the Chinese people's solidarity with the armed struggle against the British colonialists in Malaya. It was stressed that the oppressed masses in the countries of Southeast Asia had to learn from the experience of the Chinese revolution and that the victory of the national liberation war in China clearly pointed out what road should be followed (see documents No. 2 and No. 4). After October 1949 these points were put across even more strongly. It is armed struggle, said Liu Shaoqi at the trade union conference of the countries of Asia and Australia on November 16, 1949, that can and must become the main form of the national-liberation movement in colonies and semicolonies. He pointed out that armed struggle in the countryside should be combined with legal and illegal struggle of the masses in cities and regions controlled by the enemy (d. No. 5).

Similar views were held by the Communist Party of Malaya leadership. The collection offers extracts from a number of secret documents of the CPM, dated 1955-1956, which, along with the words "armed struggle is the only right way for colonial peoples to win freedom, independence and liberation" (d. No. 19), point out that "at a time when the whole nation is united in the common anti-British struggle, the class struggle must be slowed down" (d. No. 22), disagreements between parties and classes must not weaken the anti-colonialist forces (d. No. 29).

In reality the CPM did not succeed in staging a large-scale struggle against the restoration of British colonialism in Malaya, or in drawing the Malayan peasantry into the revolution. Using various ploys, fanning religious fanaticism, the authorities methodically hammered it home to the Malayan population that the CPM was the party of the Chinese community alone, and that its goals were alien and harmful to the Malaysians. Under the pressure of punitive forces, the detachments of the CPM were forced to retreat deeper and deeper into the jungle, where they found themselves in total isolation.

The British used plenty of military forces to suppress the guerrilla movement. To cut the CPM's links with the local Chinese population, they moved hundreds of thousands of rural Chinese into so-called "new villages". Virtual reservations, these were fenced with barbed wire and guarded by police and troops.

In 1950 Britain established diplomatic relations with the PRC, but the British High Commissioner for Malaya, M. MacDonald, hastened to declare in this connection that recognition of "communist China" did not mean more tolerant attitude towards the CPM by the British authorities (d. No. 7).

The CPM's leadership repeatedly proposed an armistice and talks with the authorities in order to reach a mutually acceptable agreement. That line was backed by Peking. In January 1956 *Renmin ribao*, touching on the failure of talks between the delegations of the CPM and the Malayan government in Baling, said that the only reason why agreement had not been reached at the talks was "the obstruction and sabotage of British colonialists". The organ of the CPC CC stressed that the Chinese people "are watching events in Malaya with the strongest of attention" (d. No. 24).

An important issue in the PRC's relations with the countries of Southeast Asia, including Malaya, was the question of Chinese communities in these countries. In this connection the PRC State Council set up a Committee to deal with the problems of Chinese living abroad (*huaqiao*). The committee was headed by He Xiangnin, the widow of Liao Zhongkai, a noted figure of the left wing of Guomindang and a colleague of Sun Yat-sen. In a statement, published on September 30, 1950, He Xiangnin strongly protested the closure by the British colonial administration in Malaya of two newspapers belonging to local *huaqiao*. The statement argued that since the British government had recognised the Central People's Government of the PRC, the British colonial administration in Malaya had to treat the *huaqiao* living there with respect (d. No. 11).

On December 29, 1950, the PRC Foreign Ministry made a statement which drew the attention of the world public to the fact that thousands of Malayan *huaqiao* were being subjected to deportation and imprisonment. The statement sternly condemned cruel reprisals by British soldiers against the Chinese. All responsibility for the consequences of persecution of *huaqiao* and their deportation from Malaya was put on the British government and the colonial administration (d. No. 14).

In subsequent years, the PRC government, having embarked upon the road of normalising interstate relations with the countries where *hua-*

*qiao* live, began to diminish the advertisement of its close links with Chinese immigrants. At the Bandung Conference in April 1955, the PRC delegation supported the principles of peaceful coexistence. Zhou Enlai, as head of the delegation said that his country did not intend to use *huaqiao* for subversive purposes. Deputy Foreign Minister Zhang Hanfu in his speech at the conference described the armed struggle in Malaya as an internal affair of that country which had nothing to do with China.

Despite the absence of diplomatic relations, the PRC and Malaya engaged in brisk trade in 1950-1951. In those two years Malaya accounted for 32.6 to 60 per cent of China's imports of natural rubber (Addendum 5). However, in May 1951, in answer to the assassination by the CPM guerrillas of the British High Commissioner for Malaya, the British declared an embargo on the trade of Malaya and Singapore with the PRC.

Relations between Malaya and the PRC began to step up as Malaya headed for independence. In February 1956 it was agreed that Britain would grant independence to Malaya as of August 1957, and shortly after that Kuala Lumpur lifted the embargo on trade with China, a move which was received with much satisfaction in Peking (d. No. 27, 28).

The declaration of independence of the Federation of Malaya on August 31, 1957, marked the beginning of a new phase in the relations between the two countries. Peking made no secret of its hope that Malaya's growing independence would change her attitude to the PRC for the better. Mao Zedong and Zhou Enlai sent congratulations to Malaya's Premier Rahman. Zhou Enlai's message stated China's recognition of the Federation of Malaya (d. No. 32).

Singapore's separation from the Federation was viewed by Peking as Britain's attempt at national and regional disintegration in order to retain its domination in Malaya (d. No. 31) and to turn the latter into Britain's nuclear base in Asia (d. No. 38).

The consequences of colonial dependence were clearly felt in all aspects of Malaya's life during her first years of independence. Britain continued to play a major role in the country's domestic and foreign policy. British capital retained its positions in the economy of the Federation and the British, Australian and New Zealand troops, stationed there, were engaged in operations against the guerrillas.

Under the circumstances, Malaya abstained from official recognition of the People's Republic of China and even took steps that hampered the development of business links with the Chinese. In July 1958 it banned an exhibit of Chinese commodities in Kuala Lumpur; in October of the same year imports of many Chinese textile goods were banned; on March 28, 1959, a government *White Book* was published, accusing Peking of interference in Malaya's internal affairs; on April 1, 1959, the Malayan authorities closed the department of the Bank of China in Kuala Lumpur, etc. The PRC press put the responsibility for the destabilisation of the situation in Southeast Asia on US imperialists who, by spreading discord, were trying to "make Asians fight Asians" (d. No. 42).

Preserving an unfriendly stand towards Peking, the Malayan government strove not to worsen its relations with the PRC too much, and refused to recognise Taiwan's claim to represent China in the UN (d. No. 48). At the 16th Session of the UN General Assembly in December 1961 the Malayan representative, having reiterated his charges against Peking, nonetheless supported the PRC's right to UN membership. He argued that the PRC's participation in all international actions aimed at preserving world peace and security was not only desirable, but necessary (d. No. 52). Simultaneously, the Malayan government demanded recognition of Taiwan as an independent state (d. No. 48, 52).

More than half of the documents and materials in the collection cover

the period from the formation of the Federation of Malaysia in September 1963 to the establishment of diplomatic relations with the PRC in May 1974.

The turning of the Federation of Malaya into the Federation of Malaysia proved to be a complicated and contradictory process, involving both internal and external factors. The union of the Federation of Malaya with Singapore was first regarded as the basis for the creation of Malaysia, but Malayan leaders had certain apprehensions that the union could change the precarious balance between Malays and Chinese in favour of the latter. The situation changed when there appeared a chance of including Sabah, Sarawak and Brunei in the Federation, which would provide majority for the Malays even if united with Singapore. Britain pursued her own purposes when agreeing to the formation of Malaysia made up of the Federation of Malaya, Singapore, and Sabah. Britain hoped that this would help suppress the revolutionary movement that was gaining momentum in Singapore. The progressive forces in Singapore saw it clearly and objected to the conditions offered by the authorities for unification with the Federation. The creation of Malaysia also ran into opposition from the Philippines that claimed Sabah as its own territory. Indonesia also objected the plans worked out in London and Kuala Lumpur regarding Sabah and Sarawak.

At long last the Federation of Malaysia was formed as planned, with the exception of Brunei. However, this was followed by a serious aggravation of the situation in Southeast Asia. On the day of inauguration, Indonesia and the Philippines broke diplomatic relations with the Federation. A period of confrontation ensued between Indonesia and Malaysia that lasted for three years. Britain used the situation to strengthen her position in the Federation. Under the pretext of defending the latter, London concentrated strong naval forces in Singapore. The Federation of Malaysia was also weakened by internal contradictions, such as growing disagreements between Malaya and Singapore. On August 9, 1965, Singapore formally withdrew from the Federation.

China reacted negatively to the plans of creating Malaysia, believing that this would enable the British colonial administration to strengthen its undermined positions in Singapore and North Kalimantan and would help it to suppress the growing national liberation movement there (d. No. 54, 56, 57). An article in *Renmin ribao* on September 29, 1963, pointed out that China sided with the peoples of North Kalimantan, Malaya and Singapore in their struggle for self-determination and real independence, against the neo-colonialist plot of creating Malaysia (d. No. 62). As is evident from the documents in the collection, Peking regarded the Federation as a direct threat to Indonesia (d. No. 61, 62, 66-70, 74, 75).

China was especially concerned about this because in the early 1960s it insistently sought rapprochement with Indonesia, widely promoting cooperation in various fields. China resolutely supported Indonesia during its confrontation with Malaysia in 1963-1965.

This naturally tended to heighten tension between the PRC and Malaysia. The opening of Taiwan's consulate (d. No. 71) in Kuala Lumpur in November 1964 was a manifestation of this and caused indignation in Peking (d. No. 72). Trying to pacify China, the Malaysian government said it only wanted to develop trade and tourist links with Taiwan and that its policy of non-recognition of Taiwan as representing China remained intact (d. No. 85). In a similar fashion Kuala Lumpur presented its opening in December 1966 of a Malaysian consulate in Taipei.

After the events of September 30, 1965, in Indonesia, Kuala Lumpur toughened its line toward Peking, accusing it of "expansionism" and attempts "to interfere in the affairs" of the countries of Southeast Asia.

As the "cultural revolution" engulfed China, Peking stepped up its



propaganda against Malaysia, causing much apprehension in the Federation's ruling circles. According to the collection's compiler Jain, Malaysia, Singapore, Thailand, Indonesia, and the Philippines, cognizant of Peking's foreign policy during the "cultural revolution", set up in August 1967 the Association of Southeast Asia Nations (ASEAN). The PRC reacted to the appearance of ASEAN with much wariness, viewing it as "a military alliance directed against China". The PRC's relations with Malaysia were further exacerbated as a result of widespread clashes in the Federation between the Malay and Chinese communities in May 1969.

The government of Abdul Razak, that came to power in Malaysia after the crisis of 1969, took into account the general changes in the world situation, the beginning of detente and the mood of the progressive forces in Malaysia itself. Retaining close links with the West, Malaysia began to develop friendly ties with the Soviet Union and other socialist countries, declared its readiness to pursue a policy of non-alignment, and expressed a desire to set up a zone of neutrality in Southeast Asia whose security and stability had to be guaranteed by the US, the USSR and China (d. No. 154).

Malaysian leaders continued to maintain that it was Peking's policy that caused political destabilisation in Malaysia, Indonesia, the Philippines, and Thailand (d. No. 166). At the same time Kuala Lumpur recognised that China, being a major state of the world, was playing an important role in Southeast Asia (d. No. 150); it continued to support the PRC's bid for UN membership (d. No. 155, 159, 160 and others), arguing that China's absence ran counter to the principle of universality of that organisation (d. No. 162).

Bent on the idea of neutrality for Southeast Asia, Malaysia realised that this objective was hopeless without guarantees from China. This prompted Kuala Lumpur to seek establishment of diplomatic relations with the PRC. In March 1971 Premier Abdul Razak stated that Malaysia saw the PRC government as the only legitimate government of continental China, that it did not recognise Taiwan and thus did not pursue the "policy of two Chinas" (d. No. 170).

In May 1971 the PRC was visited by a Malaysian trade delegation, which resulted in an agreement on China's purchases of rubber to the amount of 150,000 tons a year (d. No. 180). During a return visit by a Chinese delegation to Malaysia, agreement was reached on further expansion of trade between the two countries (d. No. 185, 186).

Malaysia greeted the restoration of the PRC's position in UN, calling it an important event for the whole of the United Nations (d. No. 194). In May 1972, during a parliamentary session, Prime Minister Abdul Razak stated that Malaysia viewed the establishment of diplomatic relations with the PRC in the context of the proposal made earlier on neutralising Southeast Asia. (d. No. 206).

Talks on the establishment of diplomatic relations began in the summer of 1973 in New York and dragged on for almost a year. On May 31, 1974, Abdul Razak and Zhou Enlai finally signed in Peking a joint communique on the positive solution of this issue. The communique expressed the readiness of the two countries to develop mutual relations on the principles of peaceful coexistence. Malaysia agreed to treat Taiwan as an integral part of China and to close its consulate in Taipei, while China promised to respect Malaysia's independence and sovereignty (d. No. 246). A special statement by the Malaysian government of the same date announced cessation of consular and other official ties with Taiwan, and the closure of Taiwan's general consulate and other offices in Malaysia. It was stated that trade links and tourist exchanges would be maintained by private persons (d. No. 247) and that the Malaysian

Air Company (MAC) would continue its flights to Taipei (d. No. 248).

The communique declared abolition of the principle of dual citizenship for the Chinese in Malaysia. They had to choose either Malaysian or PRC citizenship. In the latter case, stressed the communique, they had to abide by Malaysian laws, respect traditions and customs of the Malays and live in peace with them. The communique said that the PRC government would uphold the interests of PRC citizens living in Malaysia, while Malaysia would treat them with respect (d. No. 246).

The establishment of diplomatic relations opened a new phase in relations between the PRC and Malaysia. First of all this meant a wide range of bilateral contacts, including those at the summit level. In November 1978 Malaysia was visited by Deng Xiaoping, and Zhao Ziyang, Premier of the PRC State Council, paid an official visit to the Federation in August 1981. In May 1980 Malaysia's Prime Minister Hussein Onn made a trip to China. During the same years the sides exchanged visits by Foreign Ministers. According to the list presented in the collection, from May 1974 to June 1983 over 20 PRC delegations (government, trade and economic, cultural, sports, etc.) visited Malaysia and over 30 Malaysian delegations visited China.

The abovesaid visits by Deng Xiaoping and Zhao Ziyang to Malaysia demonstrated Peking's willingness to develop relations with the ASEAN countries. Yet at the banquet in honour of Zhao Ziyang on August 9, 1981, Malaysia's Prime Minister Mahathar stressed that the sides still had to work hard "to clear away obstacles on the road to better relations between them" (d. No. 322). The Chinese side emphasised the concurrence of positions of the PRC and ASEAN on the question of Kampuchea. However, the Malaysians upheld their own views here too. They did not want to fully side with Peking on this issue, having declared that they were going to abide by the principle of "equidistance in relations with all great powers".

In the following years, which are beyond the dates of documents and materials under review, Kuala Lumpur took steps to enervate economic links with the PRC, availing itself of the "open door policy" announced by Peking. Following the visit to Peking of Malaysia's Foreign Minister Gazali Shafie in July 1984, Malaysia eased restrictions on trips to the PRC of local Chinese, and Malaysian businessmen were allowed to invest in China.

Of course, the documents and materials in the collection are far from presenting a full picture of the development of relations between Malaysia and the PRC. Passed over or covered only sporadically are many points of the positions of the two countries during the US aggression in Vietnam, the emergence of ASEAN, of their approach to Kampuchea after the formation of the PRK, and some other important issues. The documents and materials pertaining to the Soviet Union's policy toward the countries of Southeast Asia also invite critical analysis.

But, on the whole, the collection is undoubtedly of great interest to those studying the contemporary situation in Southeast Asia.

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## ASEAN'S TRADE AND ECONOMIC COOPERATION

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[Article by M. A. Yakovleva]

**E**conomic cooperation was conceived as a major goal of ASEAN when it was founded back in 1967.

Its strategy was based on the recommendations, known as the "Kansu Report", which were prepared from 1970 to 1972 at the request of the ASEAN founding nations by the ECOSOC research centre with the assistance of ECAFE, UNCTAD and FAO. These recommendations were as follows: selective liberalisation of trade in certain goods based on inter-governmental agreements; encouragement of private investments in government-approved spheres of the member-nations' industrial development; and comprehensive agreements on building joint industrial projects. The "Kansu Report" also made forecasts for a free trade zone in the subregion towards 1990.

In keeping with the UN experts' recommendations ASEAN decided to expand mutual trade through liberalisation. Following a proposal by Singapore, consultations were begun to discuss the procedure of granting mutual privileges. In 1975, agreement was reached in principle on the granting of mutual preferences in exchanges of raw materials and foodstuffs, and a year later the negotiations on the procedure of signing agreements on preferences were completed. On February 25, 1977, an Agreement on ASEAN Preferential Trading Arrangements was signed. It was the first official document to lay down the basic principles of granting preferences as formulated at the Bali Conference by the prime ministers of the member-countries and at the first meeting of their ministers of economics.

In June 1977, the first agreement on preferences was concluded providing for a 10 to 30 per cent reduction in customs tariffs for 71 types of goods. The agreement went into effect on January 1, 1978 covering rice, sugar, livestock products, oil, chemicals, etc.

Continued negotiations resulted in the signing of preferential trade agreements on a progressively growing number of commodities: 755 in 1978; 1,501 in 1979; and 1,500 in 1980. An agreement on uniform (20 per cent) automatic preferences for goods whose imports did not exceed in value \$50,000 per annum went into effect on July 22, 1980 covering over 6,000 commodity positions. In late 1981, an agreement was reached on automatic preferences (a 20 to 30 per cent discount from customs tariffs) for goods with an annual import value of no more than \$500,000.<sup>1</sup>

Preferences in intra-ASEAN trade continued to be extended and by 1982 included 8,529 positions; by 1983, 10,000; and by 1984, 12,000.<sup>2</sup> While at first glance this was an impressive extension of the list of preference-affected goods, the region's mass media reported on the low efficiency of the measures. Sales of such commodities comprised only 2 per cent of the total intra-ASEAN exchange.

The fulfilment of the Agreement on ASEAN Preferential Trading Arrangements was expected to give rise, in the first place, to a considerable

<sup>1</sup> In *The Straits Times*, April 25, 1980; *ASEAN Briefing*, No. 41, December 1981.

<sup>2</sup> In *ASEAN Briefing*, No. 43, February 1982; *Asia Yearbook 1984*, Hong Kong, 1984, p. 108; *Asia Yearbook 1985*, Hong Kong, 1985, p. 97.

extension of intra-ASEAN trade. Though in absolute terms the volume of the latter did increase (from \$2,242.4 million in 1969 to \$29,260.6 million in 1983),<sup>3</sup> its relative share never rose above the previous 15 per cent and the key positions in ASEAN trade continued to be held by Japan, the USA and the EEC (in 1983, the ASEAN share in the trade turnover with the above countries was 22.7; 17.1; and 11.4 per cent respectively) <sup>4</sup>.

Among the reasons for ASEAN's failing to achieve the results expected along the indicated lines the following are mentioned: the preferential customs tariff discount in most cases does not exceed 10 per cent; the discount granting procedure frequently requires more than one stage (to get a 20 per cent discount for a commodity, a 10 per cent discount has to be granted twice); the process is very slow as preferences are mainly granted for goods which do not play an essential part in intra-ASEAN trade; member-nations have long secret lists of commodities (most sensitive to market fluctuations) which they are not yet willing to release for preferential treatment.

Viewed from the profitability angle the programme of ASEAN trade cooperation seems favourable, on the whole, for the partners' economies. The growth of mutual trade and lesser exchange with industrial Western countries, the development of new industries and guaranteed deliveries of energy and foodstuffs objectively meet the interests of developing nations and are conducive to their economic expansion. An important aspect that must be reckoned with, however, is whether the conditions are ripe and ready for this programme. It must be admitted that owing to the different levels of economic development of the member-countries these conditions vary greatly, which explains why the benefits of the programme for each ASEAN partner are not the same. Singapore is the most developed partner in ASEAN. Four countries—Malaysia, Brunei, Thailand and the Philippines—are almost on one and the same level, whereas Indonesia is behind. To retain equality and prevent stronger partners from getting greater profits and strengthening their positions, weaker partners seek to slow down the realisation of the programme by finding loopholes which are consistent with the letter of the agreement, but make its implementation less effective. Similar natural and climatic conditions and a shared colonial past have created an identical national economic pattern for most of the ASEAN member-countries. In the long run these similarities could help them to improve reproduction processes on a mutually-supplementary basis, but at the present stage identical economic patterns provoke competition rather than cooperation. In the final analysis, the policy of import substitution which gained extensive ground in the ASEAN countries also impedes expanding subregional trade, because restrictions on imports mostly affect those goods which would be beneficial for the partners to exchange (i. e., consumer and light industry goods, farm produce). Finally, and most importantly, the ASEAN countries continue to be strongly economically dependent on the imperialist powers, which prevents them from substantially extending intra-zonal trade because it would be at the expense of trade with the industrial Western giants.

Industrial cooperation is another important direction of ASEAN's economic cooperation. ASEAN member-countries believe that it will help to accelerate their economic growth and promote economic relations on the basis of a further division of labour and specialised production.

Based on inter-governmental principles ASEAN's industrial cooperation is operative in the private sector as well. This was taken into account when the relevant programmes were drawn up.

<sup>3</sup> Based on statistics from *IMF Direction of Trade 1966-1970*, Washington, 1971; *IMF Direction of Trade 1977-1983*, Washington, 1984. Singapore-Indonesia trade turnover estimates are based on Indonesian statistics.

<sup>4</sup> Estimates are based on *IMF Direction of Trade 1977-1983*..., 1984.

The inter-governmental industrial complementation scheme was drafted in 1976. It provided for the joint construction of a number of large industrial enterprises (urea plants in Indonesia and Malaysia, a superphosphate plant in the Philippines, a diesel engine works in Singapore, and a soda-ash plant in Thailand) and automatic preferences for their products. Member-countries were expected to undertake feasibility studies and report the results. The formula for financing joint ventures was as follows: up to 60 per cent of the financing was to be made by the country on whose territory the project was to be constructed; the rest was to be shared by the other member-countries. Private national and foreign investments were welcome. Up to two-thirds of the shares were to be placed within the private sector.

A detailed study and discussion of the proposed joint industrial projects revealed that some of them would duplicate existing enterprises or those under construction in the ASEAN countries; there were also other unfavourable circumstances. As a result, only two out of the five original projects were approved and accepted as worthwhile and realistic: the urea plants in Indonesia and Malaysia.

Acheh (North Sumatra) was chosen as the site for the construction of the urea plant in Indonesia. An agreement was signed by the ASEAN countries' ministers of economics as far back as late 1978 that set its completion for 1981. The deadlines, however, were violated by the Japanese contractors who failed to submit the technical and economic blueprints in time. The plant went into operation only in 1984, with construction costs that amounted to \$410 million.<sup>5</sup>

The construction of the other plant, in Malaysia, was estimated at a cost of \$335 million. It was to be located in Bintulu (Sarawak state), with the main office in Kuala-Lumpur. The government appointed the Petronas state-run oil corporation as Malaysia's chief shareholder. Originally the plant was expected to be completed in 1983, but later the deadline was postponed to 1985.

A soda-ash factory in Thailand was planned to be constructed in the northeastern part of the country near the source of raw materials. This immediately called for the construction of a railroad, a motorway and a port in the designated area. Moreover, Japanese experts claimed that the project was unprofitable as its products would not be able to compete with natural soda from the USA and Kenya or even with synthetic soda from Japan, Bulgaria and France. After further feasibility studies Canada announced it was prepared to finance the project, but the Thai government's analysis of the current prices for soda-ash convinced it that the project was not viable and it was dropped.<sup>6</sup>

The Philippines abandoned its plans for a superphosphate plant as a joint subregional venture because a special study proved it "uneconomical" owing to the falling world prices for superphosphate and the increased capacities of Indonesia's national superphosphate factories. Instead the Philippines proposed to build a pulp-and-paper factory. Though the proposal caused no objections on the part of other member-countries its further discussion resulted in a change-over to a different project—a copper-fabrication plant.

Also under the scheme a diesel engine plant was to be constructed in Singapore. After a thorough study of technical aspects and market demand Singapore decided on small and medium capacity engines. The decision was strongly opposed by Indonesia which, in protection of its own interests, refused to grant preferences for these products. Moreover, Thailand and the Philippines included in their national programmes of industrial

<sup>5</sup> In *Asia Yearbook 1985...*, p. 97.

<sup>6</sup> In *Far Eastern Economic Review*, 1985, April 18, p. 10.

development the construction of similar facilities. As a result, Singapore embarked on the project alone, unsupported by its ASEAN partners, and the project ceased to be part of the subregional programme of industrial development.

The Singapore conflict resulted in ASEAN's decision to depart from the consensus principle which seemed to hamper the realisation of the programme of subregional industrial cooperation. Participation of all the five member-countries in future joint industrial undertakings was announced as being no longer obligatory (with preferences accorded in such cases only to the participating members). The procedure of financing joint ventures was also modified as follows: the country where the project was to be constructed would be responsible for 60 per cent of the financing; each of the three other member-countries, 13 per cent; and Singapore would be responsible for 1 per cent.

In 1984, when Brunei was admitted to the Association, Singapore rejoined the scheme of ASEAN inter-governmental industrial complementation, and a joint Singapore-Brunei project of a pharmaceutical plant was approved.

ASEAN's economic cooperation continues to be strongly influenced by the most advanced industrial Western countries whose interests do not coincide with those of the ASEAN member-nations.

For example, initially Japan expressed readiness to grant a credit of \$1,000 million to finance all five industrial projects, but after relevant studies agreed to participate in only two of them—those in Indonesia and Malaysia. The handling of the projects in the subregion depends heavily on the Japanese companies enjoying exclusive rights as contractors for the projects' construction and commissioning. For example, the prices they demanded for the deliveries of equipment necessary for the assembly and technical servicing of the Indonesian project, were much higher than expected and the delay in preparing the technical and economic documentation for the ASEAN projects led to an average of a 30 per cent increase in their cost.

Though it took 8 years to accomplish only one of the first package projects, ventures of the second package have been planned by ASEAN, including plants producing heavy duty rubber tyres in Indonesia; a metal-working machine-tools plant in Malaysia; in the Philippines, plants producing newsprint and electronic tin plating; cathode ray tubes in Singapore; and fisheries and potassium facilities in Thailand.

The subregion's mass media keep on emphasising that ASEAN can hope to achieve notable progress in intra-zonal economic cooperation only if private national capital is actively involved. To muster the private sector's support for the initiatives of the member-countries, the ASEAN Chamber of Commerce and Industry was founded in 1971. Under its auspices 15 industry and 5 commodity clubs were set up.

To promote industrial cooperation at the private sector level the ASEAN industrial complementation scheme providing for the production and exchange of specialised products between two or more partners has been developed. Its operative principle is that in each participating country the private sector makes certain parts and assemblies of an agreed-upon industrial product; then, through a mutual exchange of these completed items, every country can assemble the final product. The scheme is based on a list of projects which have been submitted to the ASEAN Chamber of Commerce and Industry by the industry clubs.

The most active contributor to the complementation scheme has been the ASEAN Automotive Federation whose "ASEAN Car" project was approved in 1980. The first package of the project provided for the following specialised production in individual member-countries: in Indonesia, 80-135 hp diesel engines; in Malaysia, wheel bars and chains for motorcycles;

in Singapore, universal joints; in the Philippines, Ford car bodies; and in Thailand, car bodies over one ton in weight. These enterprises went into operation in January 1982 with their products enjoying a 50 per cent customs tariff discount. The second package provides for further specialised production: in Indonesia, steering wheel equipment; in the Philippines, back axles for trucks and buses; in Malaysia, car lights; in Singapore, fuel pumps; and in Thailand, carburettors.

To encourage broader participation of the private sector in intra-ASEAN cooperation, the ASEAN industrial joint venture scheme was also drawn up in November of 1982. Its approval by the ASEAN ministers of economics was delayed for a year because of certain objections by Malaysia. The scheme provides for at least 51 per cent participation of the national capital of two or more member-countries. Participating countries will be entitled a 50 per cent discount on customs tariffs. Non-participating countries may claim preferences for the products of the joint enterprises after four years of their operation. Out of 21 original projects submitted for consideration in 1984 only the following four have been approved: the plants producing frit and motorcycle electrical parts in Thailand and the plants producing constant-velocity joints and mechanical and powered rack-and-pinion car steering assemblies in Malaysia.<sup>7</sup>

The idea of constructing a network of industrial projects in the ASEAN zone seems attractive to the Association's economic cooperation sponsors because these enterprises are expected to use local raw materials and to encourage extended food production, economising of foreign currency and increased employment. On the whole it is a good idea and may invigorate ASEAN cooperation and the economic advance of individual member-countries.

However, the implementation of the scheme revealed essential contradictions which considerably impaired the expected results. When a choice was to be made for specific projects, complications arose immediately, and the realisation of the ASEAN economic cooperation scheme in industry indicated that many serious aspects had not been given the proper thought and treatment. For instance, in discussions of the projects more attention ought to have been paid to the choice of specific ventures for industrial cooperation, as well as to the priority of national interests over regional ones and the lingering distrust in stronger partners. The choice of a project should be oriented on the home, rather than the world market. And, finally, awarding the contract for ASEAN's industrial projects to Japan caused initially serious financial embarrassments for the Association. The difficulties in translating the programme of industrial cooperation into reality are evidence of the major drawbacks inherent in it. A great deal of time had to be wasted on finding consensus-based solutions. For almost a decade ASEAN was in a turmoil of unsettled conflicts.

The energy crisis and its after-effects confronted ASEAN with the challenge of developing a scheme of cooperation in energy production which was entrusted to the Committee on Industries, Minerals and Energy (at the inter-governmental level) and the ASEAN Council on Petroleum (private sector). The energy scheme's guidelines were as follows: to develop the existing oilfields and to prospect for new deposits; to probe and develop non-traditional for the region sources of energy (solar, nuclear, geothermal and hydropower); to exchange experience in the utilisation of energy resources; to build up a network of relevant training centres; and to provide for rational and effective use of energy. However, while following these guidelines the member-countries submitted specific proposals (in late 1981) which affected the interests of foreign capital in the subregion and weakened ASEAN dependence on Western suppliers of oil and oil

<sup>7</sup> In *Far Eastern Economic Review*, 1985, January 31, p. 71.

products. Western spokesmen clamoured that public companies were not in a position to solve energy problems and in fact urged: "not to waste time on discussions of intra-ASEAN cooperation, but buy everything that could be bought: on credit, through payments in raw materials, cheap manpower and political concessions".<sup>8</sup> Due to the harsh opposition of industrial Western countries (the main creditors of intra-ASEAN schemes) the member-countries' proposals remained only on paper.

A joint study was undertaken to draw up a scheme of development for the subregion's transport and communications. One of the first joint ASEAN projects was the construction of a cable network that would join the capital cities of the member-countries. Its cost was estimated at \$150 million. Among the investing companies are a Japanese, an Australian and a British company. The leg between Singapore and Manila was reported completed in October 1978; the Singapore-Jakarta line went into operation in August 1980; and the Singapore-Kuala Lumpur-Bangkok extension was completed in September 1983. The last leg of the network will be between Bangkok and Manila.

The desirability of a lesser dependence on Western and other shipping lanes has been raised and discussed by member-countries more than once. In 1981, a proposal was made to establish a regular ASEAN shipping service, which would enable the Association to economise annually up to \$4 billion, but after discussion of the project it was admitted that member-countries were not yet ready to realise it, as they had first to update their national maritime laws, modernise and uniform their information systems, speed up port services and build up port capacities, as well as improve and extend personnel training. In 1984, the problem of ASEAN shipping lanes was put to discussion again but no unanimous opinion has yet been reached on this point by the business circles of the member-countries. For this reason another project has been suggested, namely, the creation of a system of inter-state transportation lines within the Association.

Thus, the underwater cable network seems to be the most successful project in this field of cooperation. The mere fact that it is being completed on schedule is enough to justify this opinion. Improved maritime transportation facilities and infrastructure, and their better use constitute a most painful problem in solving which member-countries have so far failed to achieve any progress. The problem of improved transport on a subregional basis awaits its solution. One of the reasons for the member-countries' passivity is a lack of interest in the effective development of subregional transport since its primary mission would be to cater to commerce and grow with it, and the growth of mutual commerce is obstructed by many difficulties.

ASEAN started to work on agricultural projects only in the late 1970s. Over 70 projects were planned, including a project with Canada for fisheries post-harvest technology; another for a forest tree seed centre, and a project with the US for an agricultural development planning centre. Doubts were expressed by ASEAN observers, rightly so, as to the acceptability and practicality of all these projects for the member-countries. As a matter of fact, cooperation in this field has been modest.

A roadblock to ASEAN economic cooperation is the lack of money to finance its schemes. The Association has to turn to industrial Western nations, TNCs and international organisations for aid in putting into effect intra-regional projects and programmes. To win more favourable terms of foreign crediting, member-countries resort to tenders which enable them to get some concessions. On the whole, however, the terms of money lending to developing countries have in recent years deteriorated.

Member-countries' efforts to mobilise their own reserves to finance

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<sup>8</sup> *Pravda*, Oct. 18, 1981.



joint schemes of economic cooperation could be a success were it not for the essential differences in their monetary policies, banking systems, attitudes to foreign banks, deficit financing practices (due to short financial resources) and, finally, inadequate contacts between their national banks. All of these reasons explain the extremely modest progress achieved in the field of financial cooperation. The protracted institutional phase is not yet over. So far the following mechanisms of cooperation have been set up; at the inter-governmental level (public sector)—regular meetings of finance ministers and managers of central banks, and, in between those, ASEAN Permanent Committee on Finance, and the ASEAN Banking Council (private sector). The Committee on Banking and Finance and the Working Group on Banking under the ASEAN Chamber of Commerce and Industry were established to coordinate cooperation at the inter-state level and in private sector.

In mid-1977, an understanding was reached at the inter-state level on the signing of a credit-swap accord between the member-countries' central banks to be in force, beginning on August 5, 1977, for a period of one year (subject to prolongation). Under the arrangement a fund of \$100 million was formed. Each signatory country contributed \$20 million and was entitled to a maximum credit of \$40 million for a term of 3 months against an equivalent security in national currency. Despite the doubling of the fund in 1978, practically no country touched it for a loan.

At its meetings the ASEAN Banking Council discussed ways of involving the private sector in inter-ASEAN cooperation. Its five commissions have elaborated many different projects of subregional financial institutions and programmes designed to pool national resources and raise foreign funds, but after perennial debates quite a few of them have been dropped. Probably the only project to get prompt acceptance and action was the ASEAN Finance Corporation inaugurated in Singapore in 1981. Its first practical steps were to finance the construction of two palm-oil projects in Mindanao (the Philippines) in 1983.<sup>9</sup>

Such are the overall results of ASEAN economic cooperation in six basic areas (trade, industry, energy, transport and communications, agriculture and finances).

The importance of economic cooperation and its priority for ASEAN nations have been invariably reemphasised by member-countries' leaders over the past years. "The Declaration's [the ASEAN Declaration of 1967.—*Auth.*] two major objectives were to accelerate economic growth and to promote regional peace and stability", pointed out Singapore's Prime Minister Lee KuanYew in 1971. A similar idea was voiced by Thai Foreign Minister Chatichai Choonhavan when he said in 1973 that "effective regional cooperation is one of the means that would greatly enhance our respective efforts towards promoting economic and social advancement of our peoples". Malaysia's Prime Minister Datuk Hussein Onn said in 1977 that economic cooperation was ASEAN's major goal. The priority of subregional economic cooperation was accentuated by Indonesian President Suharto when he spoke at the 2nd meeting of ASEAN heads of government. The Philippines clarified its stance on this point at a foreign investment conference in the late seventies as follows: "ASEAN is an economic grouping..., nor is it intended to achieve any political or military objective. It is principally economic in nature."<sup>10</sup>

Noteworthy, however, is the following fact: while all official documents and declarations by statesmen emphasise that ASEAN's aims are primarily

<sup>9</sup> In *Asia Yearbook 1984*, Hong Kong, 1984, p. 116.

<sup>10</sup> ASEAN (*Association of South-East Asia Nations*), Jakarta, 1975, pp. 56, 59, 65; ASEAN *Identity, Development and Culture*, ed. R. P. Anand, etc., Philippines, 1981, p. 222; ASEAN and a Positive Strategy for Foreign Investment, ed. L. R. Vasey, Honolulu, 1978, p. 46.

economic, the first document that actually opened the way to the solution of specific problems of economic cooperation (the Agreement on ASEAN Preferential Trading Arrangements) was signed by ASEAN governments only a decade after the Association had been founded. Moreover, ASEAN schemes of economic cooperation suffered from a series of drawbacks making their realisation difficult. Nevertheless, most of these drawbacks were not removed in time.

Meanwhile ASEAN has been active in developing political cooperation which was not among its original intentions. As an independent activity political cooperation was made official in February 1976 at the first ASEAN Summit in Bali (Indonesia) nine years after the founding of the Association. The Summit for the first time discussed the political aspects of ASEAN's activities, formulated the aims and tasks of the Association in this field and adopted a special political programme.

Recent surveys of the Association's economic and political performance more often than not characterise ASEAN as primarily a political alliance. Even the most zealous ASEAN advocates have to admit that it has achieved more progress in political than economic cooperation.

Within the framework of political cooperation ASEAN partners coordinate their policy towards third countries and blocks, render political support to member-countries, extend military cooperation, join hands in suppressing insurrectional movements in their respective countries, etc. Unlike in the economic area, the differences in the political field, if any, are promptly and efficiently dealt with.

In this connection mention cannot be avoided of the attention which has been paid in recent years to the "Kampuchean problem", becoming almost pivotal in ASEAN politics. It started with political support for Thailand's undisguised hostile policy towards three Indochina states and its open interference in neighbouring Kampuchea's home affairs. Then, the Association extended support to the government of the non-existent "Democratic Kampuchea" and refused to recognise the legitimate government of the People's Republic of Kampuchea which, contrary to the interests and aspirations of its peoples, exacerbated the situation in Southeast Asia. In recent years Kampuchea, Laos and Vietnam have never ceased trying to achieve a peaceful settlement of the region's outstanding problems based on equality, mutual respect and non-interference. But ASEAN always countered these overtures for a dialogue with unacceptable conditions.

The radical social and economic changes in the People's Republic of Kampuchea in no way jeopardize or interfere with ASEAN interests. The Association's uncompromising "Kampuchean" posture stems from the common class strategy of the member-countries' ruling circles. In order to win their favour and to be recognised by the Western imperialist states as being one of them, ASEAN fans the flame of Kampuchea. Western reactionary circles keep on supporting the activities of the "six" in respect to the "Kampuchean problem" in every possible way, which is interpreted by certain quarters in the Association as recognition of their growing international prestige. It is an obvious attempt on the part of certain forces in the Association to "offset" its economic failures through the increased political activity of the member-countries, the "Kampuchean problem" being used as a pretext for such an activity.

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VIETNAM: SCIENTIFIC-TECHNOLOGICAL REVOLUTION, SOCIAL PROGRESS

Moscow FAR EASTERN AFFAIRS in English No 2, 1986 pp 162-165

[Review by L. N. Bauman of book "Scientific-Technological Revolution and Socialist Construction in Vietnam," Moscow, Progress Publishers, 1985, 248 pages]

The scale of the collective use of the scientific and technological potential of the countries of the socialist community needs to be expanded and qualitatively improved for the Socialist Republic of Vietnam to meet its growing economic requirements and to carry out industrialisation. For Vietnam, cooperation in science and technology within the Council for Mutual Economic Assistance (CMEA) is of decisive importance in coping with most of its urgent economic problems.

The book under review is the first Soviet-Vietnamese study of these issues. It concentrates on an analysis of the forms, methods, ways, and mechanisms of Vietnam's assimilation of the latest advances in science and technology.

The Socialist Republic of Vietnam has achieved considerable successes in building

a new society, but, as the 5th Congress of the Communist Party of Vietnam noted, the country has so far failed to cope with the main task of the transitional period, that of socialist industrialisation.<sup>1</sup> The economic backwardness it inherited from the colonial regime, the aggression by French and later American imperialism, and the difficulties involved in rebuilding its war-ravaged economy have slowed down its economic growth and socialist industrialisation. The share of heavy industry remains insignificant and the specialisation and cooperation of production are inadequate.

The book dwells on the policy-making documents and resolutions of the Communist Party of Vietnam, speeches by Vietnam's Party and state leaders, and specialised research into the issues of socialist construction and policy with regard to science and technology. For example, the first section of the monograph deals with the scientific and technological revolution in the context of the global problems of the present epoch, the scientific and technological revolution's effect on social processes and its specific features in the developing countries. The authors stress that the merging of scientific and social progress puts forward the need to infuse human labour with creative and intellectual content. "The automation and cybernisation of production processes establish the type of ties between man and technology which assigns the worker intellectual functions implying a high level of vocational training and skills, and the

<sup>1</sup> See *The 5th Congress of the Communist Party of Vietnam*, Moscow, 1983, p. 28 (in Russian).

machine—mechanical and stereotyped ones" (pp. 22-23). Thereby, opportunities are created for man to grow intellectually in the process of work. Thus, social and cultural factors, such as cultural and technological levels, including the quality of vocational training and general education, inculcation of favourable attitudes to knowledge and a creative approach to work, etc., along with the growth of scientific and technological potential, are increasingly important in the context of efforts to promote scientific and technological revolution.

In considering the theme of the "Scientific and Technological Revolution and Developing Countries", the authors justly note that this revolution has long gone beyond the borders of the industrialised countries where it has originated and become a worldwide process. At the same time, being mostly passive participants in the scientific and technological revolution, the developing countries have failed so far to affect its progress and character. Inhabited by three-fourths of the world population (p. 59), they account for a mere 9 per cent of the world industrial output, 2 per cent of the world research effort, and just under 3 per cent of the world spending on research and development (p. 61).

The second section of the monograph looks at the role of the scientific and technological revolution in Vietnam's socialist construction. The victory by the Vietnamese people in the war against the US aggression marked a new stage in the development of the socialist revolution in the country. The tasks of socialist construction at the new stage, as defined by the 5th CPV Congress, include retaining the dictatorship of the proletariat, promoting the right of the working people to be the collective master, and carrying out, on this basis, three revolutions — one in the sphere of relations of production; one in science and technology, essentially important and indispensable for socialist industrialisation and for transition to a large-scale socialist production; and one in the sphere of ideology and culture which involves the shaping of a new socialist mentality.<sup>2</sup>

The effort to streamline the industries aimed at rationalising the available production capacities implies a consistently-pursued transition from small-scale production to large-scale market-oriented socialist pro-

duction. It also implies the priority development of agriculture and the food and light industries, as well as the creation of a single industrial and agrarian economic structure on a national scale. At the same time, the authors say, Vietnam (as, for that matter, the absolute majority of the developing countries) is characterised by a low initial level of economic development and the absence of significant accumulations, which holds back the process of structural change. Yet, Vietnam has a potential, and a considerable one. It possesses rich and varied natural resources. "The SRV is leading Southeast Asia in terms of overall coal reserves. There are rich deposits of tin, manganese, and bauxites. Vietnam has good opportunities for developing its agriculture, timber industry and fisheries. Its climate makes it possible to grow 2 to 3 harvests a year. There are the necessary labour resources. The task is to make a most efficient and rational use of all resources on the basis of scientific and technological revolution" (pp. 100-101).

The authors are quite right in saying that the merging of industry and agriculture and heavy and light industries with the ultimate aim of the priority development of the production of the means of production is a must for all newly-independent countries pursuing social reforms. This is why Vietnam's experience in applying the scientific and technological revolution to promote and restructure its economy is so important for them.

The tasks of socialist industrialisation meet the interests of all working people, because it creates real opportunities for the elimination of social contradictions between town and countryside and between industry and agriculture, as well as for the overcoming of poverty and backwardness. "By removing the differences in the amount of machinery and equipment used in industry and agriculture," the authors say, "it [the industrialisation. — L. B.] promotes a steady advance in agriculture and consolidates the union between the working class and the peasantry, which is the firm basis for the dictatorship of the proletariat" (p. 105).

Consistent implementation of the CPV policy has made it possible for the country to increase its technological potential by almost 50 per cent within a relatively short period (p. 107). In this context, the qualitative and quantitative growth of the working class has been of key importance in

<sup>2</sup> *Ibidem*.

strengthening the socialist relations of production and effecting industrialisation. Assimilating the stock of accumulated knowledge by people is a decisive factor for the emergence of a new type of worker. This is absolutely essential if the country is to join in the scientific and technological revolution, since the latter "cannot be the province of the workers by brain and research institutions alone. Essentially, it must be adopted by the broad masses and become a permanent movement and work principle involving millions upon millions of working people."<sup>3</sup>

The example of Vietnam's scientific and technological development refutes those Western researchers who doubt that the developing countries are equal to the STR and believe that the young states (including Vietnam) ought to aspire only to the level of the early 1800s or, at most, the mid-or late 1800s. It should be kept in mind, though, that Vietnam's scientific and technological revolution is a part of the socialist revolution, which means that its potential and character are determined by the advantages inherent in an economy based on socialist relations of production and on the public ownership of the means of production. Aware of this circumstance, the Communist Party of Vietnam has drawn the conclusion that the country can launch a scientific and technological revolution and that it is a key factor in socialist construction. In so doing, Vietnam must pass through two stages.

At the first stage (which is to last until 1990) the country will persist with socialist reforms and its effort to overcome economic difficulties. This will be a period of the growing moral and political unity of the entire people, marked by the stabilisation and improvement of the living standards on the basis of further economic advance and consolidation of the socialist foundations of society. "At this stage the role of the scientific and technological revolution consists in ensuring material and technical conditions for overcoming economic backwardness and in creating the necessary prerequisites for the country's subsequent scientific and technological progress" (p. 121).

The second stage of the scientific and technological revolution coincides with the building of material and technical base of socialism. That is industrialisation involving

the use of the advances in science and technology, primarily comprehensive automation and cybernisation of production. Attaining the tasks of this historical stage will signify that the country has built socialist society, completed the transition to large-scale social production and, simultaneously, prepared the ground for an all-out scientific and technological progress.

Maintaining the pace of the scientific and technological advance and using its results in practice have been made contingent on greater integration with the socialist community countries. Experience has shown that Vietnam's accession to CMEA and its wider scale of cooperation with these countries have become exceedingly important factors in strengthening its defense and economic potential and promoting its overall economic development. In order to give Vietnam more assistance in developing its economy on the basis of achievements of modern-day scientific and technological progress, the 33rd meeting of the CMEA session (p. 125) decided to extend to Vietnam the provisions of the Comprehensive Programme for Socialist Economic Integration, aimed at speeding up its economic and scientific and technological development, in the same manner as was done earlier in respect of Mongolia and Cuba. Presently, the CMEA is working out the relevant measures which will be considered by the next CMEA session in 1986.

In keeping with the plan of accelerated development of science and technology in Vietnam, which is to last until 1990, a system has been evolved to help it furnish its research centres with modern equipment and materials, train and retrain research personnel, conduct research, and build research facilities. Under a CMEA assistance programme, its members will supply equipment and instruments for 25 research facilities in Vietnam. Between 1981 and 1985, the USSR cooperated with Vietnam in conducting research on 90 themes of signal importance for Vietnam in 20 industries (p. 126).

The book says correctly that the peculiarity of the present period is that Vietnamese agriculture and heavy industry must be developed simultaneously. Indispensable for a transition from small-scale to large-scale production is the priority development of industry, and the building of socialist society itself presupposes agricultural development on the basis of scientific and technological

<sup>3</sup> Le Duan, "Firmly to Adhere to Regularities, to Renovate Economic Management", *Kommunist*, 1984, No. 15, p. 69 (in Russian).

progress. Here is just one example. Until recently, Vietnam's industry was developing at a faster pace than agriculture; yet, between 1975 and 1981 the growth of investments in agriculture and forestry constituted 240 per cent, whereas the figure for industry was 148 per cent (p. 131), something that points to the Vietnamese government's particular concern with agriculture.

At the same time, heavy industry has been developing, too, because "it is precisely the heavy industry that helps create the material and technical foundation of socialism" (p. 140). Priority development of the heavy industry makes it possible to supply advanced technology to all spheres of the economy, and to turn small-scale production based on manual labour into large-scale socialist production characterised by a high level of automation, concentration and centralisation. With implements of labour determining the means of production, Vietnam's industrialisation calls for developing primarily the engineering industry which promotes a transition at first to mechanical production and later to partially automated production. Progress in the engineering industry entails higher power consumption. Vietnam gives preference to the hydro power engineering, because it possesses large river systems needing regulation. The course for the scientific and technological revolution implies designing small, medium, and large hydropower stations in order to provide optimal power supplies to all areas of the country.

The SRV's historical experience, the book says, shows that a transition to large-scale socialist production cannot be effected directly and immediately if a country is moving toward socialism bypassing the capitalist stage. Socialist industrialisation, which prepares this transition, is carried out in two stages. At the first stage, scientific and technological progress is directed primarily to the accelerated development of agriculture on the basis of electrification, mechanisation and the use of chemicals, which has the purpose of raising labour productivity and promoting agricultural diversification. Then,

the authors stress, the country must develop industry, which should be done simultaneously with the development of agriculture; in other words, progress toward large-scale industrial production is possible only through promoting agriculture and vice versa.

The economic upsurge on the basis of the latest achievements in science and technology pushes to the fore the environmental protection issue. This problem is dealt with in a separate chapter. "The correct approach to coping with the problem," the authors say, "implies forestalling the possible negative ecological effects, cancelling those social projects which do not live up to ecological requirements, and correcting mistakes of the past years" (p. 174).

The third section of the monograph provides a critical analysis of bourgeois concepts of the scientific and technological revolution, particularly its philosophical and sociological aspects. The authors say that by incorrectly establishing direct links between scientific and technological progress, and steadily worsening social antagonisms, growing alienation between society and the individual, and between man and nature, bourgeois theoreticians skirt the issue of whose interests the development of productive forces is primarily subordinated to (195).

Bourgeois theoreticians would like to reduce the substance of revolutionary development in the present-day world exclusively to a "leap" in scientific and technological progress and present the scientific and technological revolution itself as a purely technological phenomenon. In fact, however, the world revolutionary process, as the authors correctly showed in their work, is not only confined to the shifts in the sphere of science and technology, but primarily to the social revolutions which have changed the social face of the earth. The socialist countries, supported primarily by the Soviet Union, are leading this process. The example of socialist construction in the Soviet Union exerts a tremendous revolutionising impact on world social development as a whole.

**L. BAUMAN**

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## BOOK ON HISTORY OF RUSSIA-FAR EAST RELATIONS REVIEWED

Moscow FAR EASTERN AFFAIRS in English No 2, 1986 pp 166-167

[Review by N. Yu. Novgorodskaya of book "Russia at Its Far Eastern Frontier (Second Half of the 17th Century)" by V. A. Aleksandrov. Khabarovsk, 1984, 271 pages, illustrated, Far Eastern Historical Library Series]

For the last 15 years publishers in Khabarovsk, Vladivostok and Magadan have been putting out the Far Eastern Historical Library Series which presents works by the explorers of the Russian Far Eastern region, such as G. I. Shelikhov, I. F. Krusenshtern, G. I. Nevelskoy, V. M. Golovnin, and M. I. Venyukov.<sup>1</sup> It also includes collections of documents and materials,<sup>2</sup> and works by Soviet authors. The range of publications encompasses widely different aspects of the historical science; from archeology to current international relations.<sup>3</sup>

It is logical that the second edition of *Russia at Its Far-Eastern Frontier* by the Soviet historian V. A. Alexandrov should have appeared in this series. First published in 1969, it caused considerable interest among readers both in the USSR and abroad. Critics said that "V. A. Alexandrov's work both introduces to science a vast amount of new

<sup>1</sup> See G. I. Shelikhov, *Russian Merchant Grigori Shelikhov's Travels from Okhotsk via the Eastern Ocean to the American Coast*, Khabarovsk, 1971; I. F. Krusenshtern, *Travelling Round the World in 1803, 1804, 1805 and 1806 Aboard the Ships "Nadezhda" and "Neva"*, Vladivostok, 1976; G. I. Nevelskoy, *The Exploits of Russian Navy Officers in the Extreme East of Russia, 1849-1855*, Khabarovsk, 1969; V. M. Golovnin, *Notes by Captain of the Navy Golovnin About His Adventures in the Japanese Captivity in 1811, 1812, and 1813 with the Addition of His Observations on the Japanese State and the People*, Khabarovsk, 1972; M. I. Venyukov, *A Journey in the Amur Territory, China and Japan*, Khabarovsk, 1970 (all in Russian).

<sup>2</sup> See *The Russian Pacific Epic*, Khabarovsk, 1979; *Ethnographic Materials of the Northeastern Geographical Expedition of 1785-1795*, Khabarovsk, 1978 (both in Russian).

<sup>3</sup> See N. N. Dikov, *The Ancient Fires of Kamchatka and Chukotka. Fifteen Thousand Years of History*, Magadan, 1969; *A History of International Relations in the Far East, 1945-1977*, Khabarovsk, 1978 (both in Russian).

facts and provides solutions to many issues which he either was the first to formulate or else he has reinterpreted them from a new perspective"<sup>4</sup>. The book attracted praise "for its results stemming from rich archive materials and their imaginative use".<sup>5</sup>

The theme of the book has lost none of its topicality today. Recently, there has been a considerable amount of research in this country as well as abroad into various aspects of international relations in the Far East and the history of Siberia as shown by the works of the Japanese authors, Yoshida Kin'ichi and Shintaro Nakamura, and the Chinese researchers Zhao Lizhi, Hou Yucheng, and Xu Jingxiu.<sup>6</sup>

The second edition takes into account practically all the publications dealing with this theme that have appeared in the 15 years that separate it from the first edition. This essential addition has contributed to the versatility of the book.

Also of merit to the book is that it describes East Siberia's accession to Russia and the economic development of the Trans-Baikal and the Amur areas by Russian settlers (Ch. 1)—a description of broad scope and profound analysis—in the general context of relations between the Russian state and the peoples of East Siberia, the Far East and Central Asia (Ch. 2). This approach enabled the author to reveal how contacts with the new neighbours led to the emergence of complicated foreign policy tasks that had to be tackled by Russian diplomacy.

The difficulty arose from the lack of experience that the Russian state had had in its relations with Central Asian states and with China. Because there were no regular contacts between them, the progress in their relations was hindered by their inability to form an adequate idea of each other. Apart from that, tensions in the Russian Government's relations with Western countries (Polish and Lithuanian and Swedish interventions, and the Thirty Years' War in Europe) gave it little chance of paying closer attention to the Eastern policy.

Until the early 1650s, the general for-

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<sup>4</sup> *Narody Asii i Afriki*, No. 2, 1974, p. 209.

<sup>5</sup> *Toyo gakuho*, Vol. 54, No. 3 (December 1972), p. 124.

<sup>6</sup> Yoshida Kin'ichi, *Russia's Advance in the East and the Treaty of Nerchinsk*, Tokyo, 1984 (in Japanese); Shintaro Nakamura, *The Japanese and the Russians. From the History of Contacts*, Moscow, 1983; Xu Jingxiu, *Essays on the History of Russia's Conquest of Siberia*, Harbin, 1984.



eign policy instruction by Moscow to the Siberian administration was to collect intelligence about the states of Altyn Khans and China, which had to be done as if unintentionally in an unofficial manner and without entering into independent diplomatic relations (p. 76). Yet the interplay of the subjective and objective factors in the development of two big feudal powers—Qing China and the Russian state—made closer contacts between them historically inevitable.

The desire to consolidate the Manchurian hold on China and to extend the newly-created state into Central Asia prompted the Qings to turn their foreign policy effort toward promoting existing and new contacts with Russia and with the loose border state formations, which they had inherited from the Ming dynasty. Intelligence about the Russians extending the size of their possessions and fortifying their Far Eastern borders as well as the reverses the Qing troops suffered in their first clashes with Russian forces in the Amur area made Peking fear for the outcome of its planned conquests. Progress in Russo-Chinese relations was, likewise, made difficult by differences in their respective approaches to international and bilateral relations and in ideological, legal and diplomatic norms. The Qing Empire was seeking ties based exclusively on the Sinocentrist suzerain-vassal model (pp. 82-83).

Hence, the Qing statesmen interpreted the objective need for contacts with Russia in terms of imposing on the Russian state the vassal status. Yet, despite various tricks used by them during the reception of a Russian embassy in Peking (pp. 84, 85, 99, etc.), the court officials failed to achieve the desired aim. Owing to the firm position adopted by the Russians during the talks, the Qing administration had to temporise before it decided on an armed action against the Russian state.

The 1680s marked the height of the level of confrontation between Russia and China in that century. It is no wonder then, that V. A. Alexandrov gave prominence to the study of this most tense decade in the history of 17th-century Russo-Chinese ties. Practically a third of the book (Chapters 3-5) is devoted to an analysis of what happened between 1681 and 1689. The author divided the period into three main stages—preparations for and the beginning of the Qing aggression (1681-1684), the defense of the Amur Area and the Trans-Baikal Territory (1684-1689), and the signing of the Peace of Ner-

chinsk—which were crucial in the emergence and subsequent development of the system of international relations in the Far East and Central Asia.

A thorough study of sources has made it possible for the author to infer that during the hostilities in the Amur area and the Trans-Baikal Territory, the overwhelming majority of the Siberian tribute-paying peoples not only remained loyal to the Russian state but also gave considerable help to the Russian authorities by reporting about the enemy moves and taking part in the operations (p. 136). This played a big part in the consolidation of Russia's positions in its Far Eastern frontier areas.

The heroic defense by the Russian settlers of the Russian lands in the Amur area forced the Qing administration to accept the Russian offer of a peace settlement. The significance of the Treaty of Nerchinsk, according to the author, "was that it marked the initial stage in the establishment of borders between Russia and the Qing Empire" (p. 194).

Russian diplomacy adhered to a firm position while negotiating international problems in Central Asia and the Far East, which compelled the Qing politicians to renounce one of their main foreign policy principles, i. e., never to have a common border with a strong state (p. 194). At the same time the Qing rulers, by building up military pressure on Russia, succeeded in swaying the situation in their favour, forcing territorial concessions in the Amur area from Russia.

Thus, the events that took place between the 1660s and the 1690s introduced a dramatic change in the Far East foreign policy situation justifying the author's remark that, "since the end of the 17th century the whole of it was determined by relations only between Russia and Qing China" (p. 203).

Russo-Chinese economic ties in the late 17th century have long formed the sphere of V. A. Alexandrov's scientific interests.<sup>7</sup> It is logical, therefore, that the new edition of his monograph should end with a chapter on Russia's trade with China through Nerchinsk in keeping with the terms of the peace treaty.

It should be noted that this new, considerably supplemented, edition of Alexandrov's monograph is a significant scientific achievement.

**N. NOVGORODSKAYA**

<sup>7</sup> See V. A. Alexandrov, "From the History of Russo-Chinese Economic Ties Before the Nerchinsk Peace of 1689", *History of the USSR*, 1957, No. 5 (in Russian).

#### NORTH KOREAN BOOK ON SOVIET UNION REVIEWED

Moscow PROBLEMY DALNEGO VOSTOKA in Russian No 1, Jan-Mar 86 (signed to press 12 Feb 86) pp 189-190

[Review by V. I. Andreyev and V. I. Osipov of book "In the Fraternal Nation of Soviets," P'yongyang, Rondong Sinmunsa, 1985, 239 pages]

[Text] In 1985 the Soviet people and all progressive humanity celebrated the 40th anniversary of the victory over German fascism and Japanese militarism. The festivities were particularly widespread in the countries which were liberated from the yoke of fascism and colonialism and acquired freedom and national independence as a result of the defeat of Germany and Japan. People's Korea is one of these countries.

In accordance with a decree of the Politburo of the KWP [Korean Workers' Party] Central Committee (September 1984), several events were organized in the DPRK and illustrated the Soviet Army's decisive role in Korea's liberation from Japanese colonial domination and the immutable significance of the Soviet Union's assistance in the establishment and development of the Korean socialist state. The celebration of the 40th anniversary of Korea's liberation on 15 August was a vivid demonstration of the traditional Soviet-Korean friendship. A party and governmental delegation from the Soviet Union, headed by member of the CPSU Central Committee Politburo and First Deputy Chairman of the USSR Council of Ministers G. A. Aliyev, a military delegation headed by Marshal of the Soviet Union V. I. Petrov, USSR first deputy minister of defense, and around 30 other delegations from Soviet ministries and departments in close contact with their Korean colleagues, attended the festivities as the guests of their Korean friends.

The book "In the Fraternal Nation of Soviets," published in August and written by journalists working for the KWP Central Committee organ RODONG SINMUN, is a collection of essays on various aspects of the history of the Soviet Union and life in the Soviet Union today, recording their impressions and experiences during trips to Moscow, Leningrad, Ulyanovsk, the capitals of union republics and other cities in our motherland. It is intended to give the Korean reader a fuller understanding of the history and revolutionary past of the Soviet people and of their heroic struggle during the years of the fight against fascist aggression, illustrate the grand scales of the constructive activity of the nation of Soviets and convey a sense of the friendly and fraternal relationship between our peoples.

The foreword says that "the friendship between our countries and peoples, sealed with blood and strengthened during the lengthy struggle against imperialism and for the attainment of common goals and ideals, is being deepened in all respects today and is extending to all spheres of politics, economics and culture" (p 2). This is the fundamental idea of the book.

The authors begin their narrative with a discussion of Ulyanovsk, the life and activities of V. I. Lenin and the Great October Socialist Revolution. The events of the Great Patriotic War are described in essays on the Leningrad blockade, the Battle of Stalingrad, the partisan movement in Belorussia and the Khatyn and Salaspils memorials.

Subsequent chapters describe the USSR laboring public's struggle to fulfill the 11th Five-Year Plan, redirect the Soviet economy to the intensive pattern of development and carry out the Food Program. The prospects for the development of Siberia are discussed, and facts and figures are cited to illustrate the enhancement of the Soviet people's material welfare. The development of science, culture and the arts and the resolution of the issue of nationality in the USSR are discussed in separate chapters.

The tenth chapter, "Traveling Companions Forever," dealing with Soviet-Korean relations, is of special interest. The authors make several references to the importance, during the current stage of the development of cooperation between the DPRK and USSR, of the May 1984 visit to the Soviet Union by the party and governmental delegation from the DPRK, headed by Secretary General of the KWP Central Committee and President of the DPRK Kim Il-song, the meetings and conversations between Soviet and Korean leaders and the agreements concluded on the highest level.

The establishment and development of the DPRK on the road to socialism are indissolubly connected with the assistance and support of the Soviet Union. The USSR, the authors stress, was the first country to recognize the young Korean state by establishing diplomatic relations with it on 12 October 1948.

Our economic relations began developing according to plan after the conclusion of the Soviet-Korean agreement on economic and cultural cooperation on 17 March 1949 (p 235).

The Korean people had to face great hardships in 1950-1953, during the years when they fought against the aggression of American imperialism and Syngman Rhee's reaction, and during the period of the restoration of the war-ravaged economy. Once again the Soviet Union gave the DPRK "material assistance and moral support" (p 236). "There is a saying," the Korean journalists write, "that a friend in need is a friend indeed. The Soviet Union gave our people genuine assistance during the difficult period of severe hardships, not only as Korea's liberator, but also as a helper and ally" (ibid.). During the war the USSR supplied the DPRK with all that it needed to rout the aggressors and to provide the population of the republic with food and clothing. After the hostilities ceased--in 1953 and 1956--the Soviet Union offered the DPRK nonrefundable aid for the restoration, remodeling and reconstruction of 20 national economic facilities.

The authors stress that Korean-Soviet friendship is based on the solid foundation of the treaty on friendship, cooperation and mutual assistance our countries signed on 6 July 1961. Time has conclusively confirmed its immutable importance to the cause of socialist and communist construction in the USSR and DPRK and to the guarantee of peace and stability in Korea and in the Far East in general. It was with a view to this that the treaty was renewed in 1981.

Loyal to the spirit and letter of this ally treaty, the Soviet Union and socialist Korea are energetically cooperating in the international arena, multiplying the united efforts of all socialist countries to frustrate the attempts of aggressive imperialist groups, especially the United States, to start a nuclear world war. As the Soviet-Korean communique signed at the end of the April 1985 visit to the USSR by DPRK Minister of Foreign Affairs Kim Yong-nam, member of the KWP Central Committee Politburo and vice premier of the Administrative Council, says, "there is no task more important at this time than the prevention of the slide toward nuclear catastrophe, the reduction of the danger of war and the reinforcement of peace."\* The USSR and DPRK support the efforts of all states to strengthen peace and security, including the efforts on the vast Asian continent. The Soviet Union and people's Korea are doing everything within their power to secure a prevailing atmosphere of trust and cooperation in Asia.

The authors write emotional accounts of their meetings in the Soviet Union with participants in the liberation of Korea and with the Soviet citizens who helped the Korean people establish a popular government and guard it against reactionary encroachment during the first years after liberation. "Our people," they say, "will not forget the courageous feats of the fighters of the liberating Soviet Army and will remember the Soviet soldiers who wrote glorious pages in the chronicle of Korean-Soviet friendship with their blood" (p 230).

Special mention is made of a meeting with DPRK Hero of Labor Yakov Tikhonovich Novichenko, who performed a heroic feat on 1 March 1946. On that day the Korean people celebrated the 27th anniversary of the anti-imperialist popular rebellion for the first time on liberated land. Thousands gathered for a rally in front of the railway station in P'yongyang. Someone in the crowd suddenly threw a grenade at the rostrum where the leaders of the Provisional People's Committee of North Korea, headed by Comrade Kim Il-song, and representatives of the Soviet military command were standing. Junior Lieutenant Ya. T. Novichenko, who was standing near the rostrum, caught the grenade and hugged it to his body. The grenade exploded and wounded the Soviet officer severely, but no one on the rostrum was hurt. A movie about the Soviet soldier's heroic action, "Split-Second Feat," was made by Soviet and Korean filmmakers and was released during the year marking the 40th anniversary of the Soviet Army's liberation of Korea from the Japanese colonial yoke.

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\* PRAVDA, 25 April 1985; RODONG SINMUN, 25 April 1985.

The courageous actions of Soviet individuals will live forever in the grateful memory of the Korean people. Pillars and monuments throughout the country honor the memory of the liberating soldiers. The Liberation Monument in the capital city of P'yongyang and Soviet military cemeteries in various cities in Korea were renovated for the 40th anniversary of the liberation.

Now, in addition to the monuments throughout the country to Soviet soldiers who fell in battle for the liberation of Korea from the Japanese colonial yoke, there are monuments to the peaceful constructive labor of the two peoples, taking the form of plants, factories, mines and power stations. The economic cooperation between our countries grows each year. Around 70 national economic facilities have been restored, remodeled or reconstructed in people's Korea with Soviet technical assistance. The construction of several more enterprises is still going on, and plans are being drawn up for broader bilateral economic, scientific and technical cooperation in the future. Hundreds of Soviet specialists have been awarded orders and medals of the DPRK for their internationalist contribution to the consolidation of socialism in Korea.

Wherever the Korean journalists went, the Soviet people they met expressed support for the DPRK's plans for the peaceful and democratic unification of their motherland. This is the essence of the consistent policy line of the CPSU and Soviet Government. The Soviet Union wholly supports the DPRK proposals on a declaration of non-aggression between North and South Korea, on the replacement of the armistice with a peace treaty and on the creation of the Democratic Confederate Republic of Koryo.

There is no question that a book about the Soviet Union and about the fraternal Soviet-Korean relationship will be of great interest to readers in the country of our friends, people's Korea. It can rightfully be regarded as a noteworthy contribution to the friendship between the peoples of the USSR and DPRK.

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